FUJIAN HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00181)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2010

FINANCIAL HIGHLIGHT

	2010	2009
	HK$'000	*HK$'000*
Revenue	**16,357**	17,777
Profit attributable to owners of the Company	**2,627**	4,225
Earnings per share		
Basic *(HK cents per share)*	**0.49**	0.79
Diluted *(HK cents per share)*	**0.49**	0.79

RESULTS

The board of directors (the "Board") of Fujian Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to the "Group") for the year ended 31 December 2010, together with the audited comparative figures for the year ended 31 December 2009 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2010 (in HK Dollars)

	Notes	**2010**	2009
Revenue	*3*	**16,357,222**	17,776,714
Other income	*5*	**4,179,078**	5,575,800
Other gains and losses	*6*	**3,515,075**	3,885,848
Employee benefits expense		**(6,447,114)**	(6,966,881)
Depreciation		**(3,198,191)**	(3,325,820)
Amortisation of prepaid lease payment		**(1,874,007)**	(2,009,302)
Share of profit of an associate		**900,072**	780,443
Other operating expenses		**(10,269,497)**	(11,071,490)
Profit before tax		**3,162,638**	4,645,312
Income tax expense	*7*	**(536,121)**	(420,471)
Profit for the year	*8*	**2,626,517**	4,224,841
Other comprehensive income			
Exchange differences on translating foreign operations		**244,114**	(3,908)
Other comprehensive income for the year		**244,114**	(3,908)
Total comprehensive income for the year		**2,870,631**	4,220,933
Earnings per share			
Basic (HK cents per share)	*9*	**0.49**	0.79
Diluted (HK cents per share)	*9*	**0.49**	0.79

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2010 (in HK Dollars)

	Notes	**2010**	2009
Non-current assets			
Property, plant and equipment		**40,096,323**	42,088,434
Prepaid lease payment		**27,953,930**	29,827,937
Investment properties		**28,675,000**	25,560,000
Interest in an associate		**10,038,350**	8,791,378
		106,763,603	106,267,749
Current assets			
Inventories		**143,036**	100,813
Trade and other receivables	*10*	**3,002,037**	2,573,664
Time deposits		**–**	18,584,280
Bank balances and cash		**37,914,888**	17,247,800
		41,059,961	38,506,557
Current liabilities			
Trade and other payables	*11*	**3,450,697**	4,282,181
Net current assets		**37,609,264**	34,224,376
Total assets less current liabilities		**144,372,867**	140,492,125
Capital and reserves			
Equity attributable to owners of the Company			
Share capital	*12*	**66,780,000**	66,597,500
Reserves		**62,933,868**	59,977,097
Total equity		**129,713,868**	126,574,597
Non-current liabilities			
Deferred tax liabilities		**8,764,649**	8,246,665
Trade and other payables		**5,894,350**	5,670,863
		14,658,999	13,917,528
		144,372,867	140,492,125

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

1. BASIS OF PREPARATION OF THE FINANCIAL RESULTS

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The following new and revised Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") have been applied by the Group in these consolidated financial statements. The application of these new and revised Standards and Interpretations has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 28 (Revised)	Investments in Associates
HKAS 39 (Amendments)	Eligible Hedged Items
HKFRS 1 (Amendments)	First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HK (IFRIC) – Int 17	Distributions of Non-cash Assets to Owner
HK – Int 5	Presentation of Financial Statements – Classification by the Borrower of a Team Loan that Contains a Repayment on Demand Clause

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

The Group has not early applied the following new and revised Standards and Interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010 except for the amendments to HKFRS 3 (as revised in 2008), HKFRS 7, HKAS 1 and HKAS 28[1]
HKFRS 1 (Amendments)	Limited Exemption from Comparative HKFRS 7 Disclosures for First- time Adopters[2]
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[4]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[4]
HKFRS 9	Financial Instruments[5]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[6]
HKAS 24 (as revised in 2009)	Related Party Disclosures[3]
HKAS 32 (Amendments)	Classification of Rights Issues[7]
HK (IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[3]
HK (IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[2]

[1] *Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate.*
[2] *Effective for annual periods beginning on or after 1 July 2010.*
[3] *Effective for annual periods beginning on or after 1 January 2011.*
[4] *Effective for annual periods beginning on or after 1 July 2011.*
[5] *Effective for annual periods beginning on or after 1 January 2013.*
[6] *Effective for annual periods beginning on or after 1 January 2012.*
[7] *Effective for annual periods beginning on or after 1 February 2010.*

HKFRS 9 *Financial Instruments* (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 *Financial Instruments* (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

- Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

- In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for financial year ending 31 December 2013 and that the application of the new Standard may have a significant impact on amounts reported in respect of the Groups' financial assets. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The amendments to HKFRS 7 titled *Disclosures – Transfers of Financial Assets* increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The directors do not anticipate that these amendments to HKFRS 7 will have a significant effect on the Group's disclosures regarding transfers of trade receivables previously affected. However, if the Group enters into other types of transfers of financial assets in the future, disclosures regarding those transfers may be affected.

HKAS 24 *Related Party Disclosures* (as revised in 2009) modifies the definition of a related party and simplifies disclosures for government-related entities.

The disclosure exemptions introduced in HKAS 24 (as revised in 2009) do not affect the Group because the Group is not a government-related entity.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

The amendments to HKAS 32 titled *Classification of Rights Issues* address the classification of certain rights issues denominated in a foreign currency as either an equity instrument or as a financial liability. To date, the Group has not entered into any arrangements that would fall within the scope of the amendments. However, if the Group does enter into any rights issues within the scope of the amendments in future accounting periods, the amendments to HKAS 32 will have an impact on the classification of those rights issues.

HK(IFRIC)-Int 19 provides guidance regarding the accounting for the extinguishment of a financial liability by the issue of equity instruments. To date, the Group has not entered into transactions of this nature. However, if the Group does enter into any such transactions in the future, HK(IFRIC)-Int 19 will affect the required accounting. In particular, under HK(IFRIC)-Int 19, equity instruments issued under such arrangements will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the fair value of equity instruments issued will be recognised in profit or loss.

3. REVENUE

	2010	2009
Gross rental income from letting of investment properties	**1,272,720**	1,367,820
Revenue from hotel operations	**15,084,502**	16,408,894
	16,357,222	17,776,714

4. SEGMENT INFORMATION

Information reported to the Board of Directors of the Company, being the chief operating decision maker, for the purpose of resources allocation and assessment of segment performance focuses on types of services provided.

The Group's operating and reportable segments under HKFRS 8 are as follows:

Property investment – the rental of investment properties

Hotel operations – the operation of hotel

4. SEGMENT INFORMATION (CONTINUED)

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segments:

	Property investment		Hotel operations		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009
REVENUE						
Revenue from external customers	**1,272,720**	1,367,820	**15,084,502**	16,408,894	**16,357,222**	17,776,714
RESULT						
Segment result before other gains	**753,354**	1,045,150	**3,728,362**	3,546,202	**4,481,716**	4,591,352
Gain arising on change in fair value of investment properties	**3,115,000**	7,993,544	**–**	–	**3,115,000**	7,993,544
Gain on disposal of investment property	**–**	1,411,049	**–**	–	**–**	1,411,049
Impairment loss on property, plant and equipment	**–**	–	**–**	(3,034,190)	**–**	(3,034,190)
Impairment loss on prepaid lease payment	**–**	–	**–**	(2,153,459)	**–**	(2,153,459)
Segment result	**3,868,354**	10,449,743	**3,728,362**	(1,641,447)	**7,596,716**	8,808,296
Unallocated income					**362,639**	296,336
Central administration costs					**(5,696,789)**	(5,239,763)
Share of profit of an associate					**900,072**	780,443
Profit before tax					**3,162,638**	4,645,312
Income tax expense					**(536,121)**	(420,471)
Profit for the year					**2,626,517**	4,224,841

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2009: nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of bank interest income and other unallocated income, central administration costs including directors' remuneration, share of profit of an associate and income tax expense. This is the measurement reported to the chief operating decision marker for the purposes of resource allocation and assessment of segment performance.

4. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments:

	Property investment		Hotel operations		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009
ASSETS						
Segment assets	**67,130,032**	61,695,182	**70,652,604**	74,284,117	**137,782,636**	135,979,299
Interest in an associate					**10,038,350**	8,791,378
Unallocated corporate assets					**2,578**	3,629
Consolidated total assets					**147,823,564**	144,774,306
LIABILITIES						
Segment liabilities	**(967,587)**	(610,218)	**(8,362,460)**	(9,336,826)	**(9,330,047)**	(9,947,044)
Unallocated corporate liabilities					**(8,779,649)**	(8,252,665)
Consolidated total liabilities					**(18,109,696)**	(18,199,709)
Other segment information						
Capital additions	**125,440**	20,000	**957,047**	912,628	**1,082,487**	932,628
Depreciation of property, plant and equipment	**39,824**	22,476	**3,158,367**	3,303,344	**3,198,191**	3,325,820
Amortisation of prepaid lease payment	**–**	–	**1,874,007**	2,009,302	**1,874,007**	2,009,302
Gain arising on change in fair value of investment properties	**(3,115,000)**	(7,993,544)	**–**	–	**(3,115,000)**	(7,993,544)
Gain on disposal of investment property	**–**	(1,411,049)	**–**	–	**–**	(1,411,049)
Impairment loss on prepaid lease payment	**–**	–	**–**	2,153,459	**–**	2,153,459
Loss on disposal and write-off of property, plant and equipment	**–**	30,236	**4,787**	279,608	**4,787**	309,844
Impairment loss on trade receivables	**–**	–	**64,154**	12	**64,154**	12
Impairment loss on other receivables	**–**	–	**68,994**	68,788	**68,994**	68,788
Impairment loss on property, plant and equipment	**–**	–	**–**	3,034,190	**–**	3,034,190
Waiver of other payable	**–**	–	**(1,078,405)**	(2,152,804)	**(1,078,405)**	(2,152,804)

For the purposes of monitoring segment performance and allocating resources between segments:

All assets are allocated to reportable segments other than certain bank balances and interest in an associate.

All liabilities are allocated to reportable segments other than certain balances of current liabilities and deferred tax liabilities.

Geographical information

The Group operates in two principal geographical areas – the People's Republic of China (excluding Hong Kong) (the "PRC") and Hong Kong.

4. SEGMENT INFORMATION (CONTINUED)

Geographical information (continued)

The Group's revenue from external customers and information about its non-current assets by geographical location are detailed below:

	Revenue from external customers		Non-current assets	
	2010	2009	**2010**	2009
PRC	**15,084,502**	16,408,894	**77,941,650**	80,646,412
Hong Kong	**1,272,720**	1,367,820	**28,821,953**	25,621,337
	16,357,222	17,776,714	**106,763,603**	106,267,749

No external customers of the Group contributed over 10% of the Group's revenue for the year ended 31 December 2010 and 2009.

5. OTHER INCOME

	2010	2009
Income from granting the management right of the Group's hotel *(notes (i), (ii) and (iii))*	**2,698,392**	3,097,965
Bank interest income	**362,639**	244,784
Waiver of other payable	**1,078,405**	2,152,804
Others	**39,642**	80,247
	4,179,078	5,575,800

Notes:

(i) On 4 March 2008, Yan Hei Limited ("Yan Hei"), a wholly owned subsidiary of the Company and Xiamen South East Asia Company Limited ("Xiamen Plaza"), a wholly owned subsidiary of Yan Hei Limited, entered into an agreement with Fujian Sunshine Group Limited ("Sunshine Group") and 廈門敦睦酒店管理有限公司 (Xiamen Friendship International Co., Ltd) ("Friendship International"). Pursuant to the agreement, Sunshine Group agreed to transfer the management right of Xiamen South East Asia Hotel (the "Hotel"), a hotel owned by Xiamen Plaza to Friendship International.

5. OTHER INCOME (CONTINUED)

Notes (continued):

(ii) On 4 March 2008, Xiamen Plaza entered into a management contract ("Management Contract") with Friendship International in relation to the appointment of Friendship International to manage the daily operation of the Hotel for a period of five years. Friendship International has paid RMB5 million as security deposit to Xiamen Plaza, which is refundable upon expiry of the Management Contract.

(iii) The Hotel remains the property of the Group at all time under the Management Contract and there will not be a transfer of ownership of the Hotel at or after the completion of the Management Contract. Xiamen Plaza is entitled to receive income from Friendship International which is calculated in accordance with the terms of the Management Contract.

6. OTHER GAINS AND LOSSES

	2010	2009
Gain arising on change in fair value of investment properties	**3,115,000**	7,993,544
Impairment loss recognised on property, plant and equipment	**–**	(3,034,190)
Impairment loss recognised on prepaid lease payment	**–**	(2,153,459)
Impairment loss recognised on trade receivables	**(64,154)**	(12)
Impairment loss recognised on other receivables	**(68,994)**	(68,788)
Loss on disposal and write-off of property, plant and equipment	**(4,787)**	(309,844)
Net foreign exchange gains	**538,010**	47,548
Gain on disposal of investment property	**–**	1,411,049
	3,515,075	3,885,848

7. INCOME TAX EXPENSE

	2010	2009
Current tax:		
PRC Enterprise Income Tax	**18,137**	–
Deferred tax:		
Current year	**(80,550)**	(362,148)
Attributable to a change in tax rate	**598,534**	782,619
	517,984	420,471
	536,121	420,471

Hong Kong Profits Tax is calculated at 16.5% (2009: 16.5%) of the estimated assessable profit for both years.

7. INCOME TAX EXPENSE (CONTINUED)

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Company had agreed losses brought forward to set off against the assessable profits and its Hong Kong subsidiaries did not have any assessable profits for the year (2009: Nil).

The provision for PRC Enterprise Income Tax is calculated at 22% (2009: 20%) on the assessable profit of the Group's PRC subsidiary as determined in accordance with the relevant income tax rules and regulations in the PRC.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the Enterprise Income Tax Rate of the Group's PRC subsidiary was increased from 15% to 25% progressively from 1 January 2008 onwards. The deferred tax balance has been adjusted to reflect the tax rates are expected to apply to the respective periods when the asset is realised or the liability is settled.

8. PROFIT FOR THE YEAR

	2010	2009
Profit for the year has been arrived at after charging/(crediting):		
Gross rental income from investment properties	**(1,272,720)**	(1,367,820)
Less: Direct operating expenses from investment properties that generated rental income during the year	**84,365**	122,958
	(1,188,355)	(1,244,862)
Employee benefits expense (including directors' remunerations):		
Salaries and other benefits	**6,006,721**	6,571,749
Contributions to retirement benefit schemes	**440,393**	395,132
	6,447,114	6,966,881
Depreciation of hotel property	**2,449,064**	2,638,848
Depreciation of other property, plant and equipment	**749,127**	686,972
	3,198,191	3,325,820
Amortisation of prepaid lease payment	**1,874,007**	2,009,302
Total depreciation and amortisation	**5,072,198**	5,335,122
Auditors' remuneration	**460,000**	460,000
Cost of inventories recognised as other operating expenses	**68,980**	1,742,667
Share of tax of an associate (included in share of profit of an associate)	**322,586**	270,415

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2010	2009
Earnings		
Earnings for the purpose of basic earnings per share (profit for the year attributable to owners of the Company)	**2,626,517**	4,224,841
Effect of dilutive potential ordinary shares	**–**	–
Earnings for the purpose of diluted earnings per share	**2,626,517**	4,224,841
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**533,708,000**	532,780,000
Effect of dilutive potential ordinary shares:		
Share options issued by the Company	**365,578**	974,871
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**534,073,578**	533,754,871

10. TRADE AND OTHER RECEIVABLES

	2010	2009
Trade receivables	**952,053**	994,419
Less: Allowance for doubtful debts	**(160,430)**	(92,595)
	791,623	901,824
Other receivables, utility deposits and prepayments	**14,608,840**	13,533,766
Less: Allowance for doubtful debts	**(12,398,426)**	(11,861,926)
	2,210,414	1,671,840
Total trade and other receivables	**3,002,037**	2,573,664

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

An aged analysis of trade receivables net of allowance for doubtful debts at the end of reporting period, based on the invoice date is as follows:

	2010	2009
Current to six months	**791,623**	901,824
Over six months and within one year	**–**	–
Over one year	**–**	–
	791,623	901,824

The average credit period on rendering services is 45 days.

Included in the Group's trade receivable balance are debtors with aggregate amount of HK$Nil (2009: HK$8,769) which are past due as the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances. The average age of these receivables is 45 days (2009: 45 days).

11. TRADE AND OTHER PAYABLES

	2010	2009
Trade payables	**1,309,843**	943,236
Other payables	**8,035,204**	9,009,808
Total trade and other payables	**9,345,047**	9,953,044
Less: Other payables classified as non-current liabilities *(note)*	**(5,894,350)**	(5,670,863)
	3,450,697	4,282,181

Note:

Pursuant to the Management Contract, Friendship International paid RMB5 million, equivalent to HK$5,894,350 (2009: HK$5,670,863), as security deposit to Xiamen Plaza, which is refundable upon expiry of the Management Contract. The expiry date of the Management Contract is 9 March 2013 and, accordingly, the balance of security deposit is classified as non-current liabilities.

11. TRADE AND OTHER PAYABLES (CONTINUED)

An aged analysis of trade payables at the end of the reporting period is as follows:

	2010	2009
Current to six months	**734,704**	878,428
Over six months and within one year	**467,288**	48,686
Over one year	**107,851**	16,122
	1,309,843	943,236

The average credit period is 45 days.

12. SHARE CAPITAL

	2010		2009	
	Number of shares	***HK$***	*Number of shares*	*HK$*
Authorised				
Ordinary shares of HK$0.125 each	**3,040,000,000**	**380,000,000**	3,040,000,000	380,000,000
Issued and fully paid				
At beginning of year	**532,780,000**	**66,597,500**	532,780,000	66,597,500
Exercise of share options under the Company's employee share option plan	**1,460,000**	**182,500**	–	–
At end of year	**534,240,000**	**66,780,000**	532,780,000	66,597,500

During the year ended 31 December 2010, 1,460,000 share options were exercised at a subscription price of HK$0.184 per share, resulting in the issue of 1,460,000 ordinary shares of HK$0.125 each in the capital of the Company and giving a total cash consideration of approximately HK$268,640.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The turnover of the Group for the year ended 31 December 2010 amounted to approximately HK$16.36 million, representing an decrease by approximately 8% as compared to approximately HK$17.78 million in the previous year. The decrease is mainly due to the hotel operator discontinued its Chinese catering operation and let out the correspondence restaurant at the end of 2009.

For the year ended 31 December 2010, the net profit attributable to shareholders was approximately HK$2.63 million (2009: HK$4.23 million) representing a decrease by 37.8% over the previous year. Basic earnings per share were approximately 0.49 HK cent for the year ended 31 December 2010 as compared to basic earnings per share of approximately 0.79 HK cent last year. The decrease in net profit and earnings per share is due to the waiver of other payable together with the gain in fair value decrease by approximately 60% to HK$4.19 million (2009: HK$10.4 million). For the year ended 31 December 2010, the gearing ratio (divided non-current liabilities by equity plus non-current liabilities multiple by 100 which results in percentage) of the Group was 10.2% (2009: 9.9%).

During the year under review, no impairment loss in respect of prepaid lease payment and property, plant and equipment is accounted for (2009: HK$5.19 million).

OPERATIONAL REVIEW

A. Star-rated hotel operation

Star-rated hotel operation is the main source of revenue for the Group. For the year ended 31 December 2010, turnover of the hotel was approximately HK$15.08 million (2009: HK$16.41 million), representing an decrease of approximately 8% from the corresponding financial year.

OPERATIONAL REVIEW (CONTINUED)

A. Star-rated hotel operation (continued)

For the year under review, the Occupancy Rate was approximately 56.1% (2009: 54.8%) representing an increase of 2.4% over the previous year. Average Daily Rate (ADR) was approximately RMB215 (2009: RMB205) representing an increase of 4.9% over the previous year.

The following table sets out the amount and percentage of contributions from different businesses of the star-rated hotel operation for the year ended 31 December 2010, together with comparative figures of 2009:

	31 December 2010		31 December 2009	
	HK$ in thousand	***% in turnover***	*HK$ in thousand*	*% in turnover*
Accommodation revenue	**12,798**	**85%**	11,908	73%
Catering revenue	**275**	**2%**	3,116	19%
Rental revenue	**2,012**	**13%**	1,385	8%
	15,085	**100%**	16,409	100%

Accommodation revenue

The gradual recovery of the global economy led to the rebound in tourism industry, coupled with the PRC Government's policy of expanding domestic demand, allowed the steady improvement in the operating environment of hotel industry during 2010. Despite the cost inflation during the year, the influence to the Group was limited as it focusing on containing costs and was able to share part of the rising costs with its customers. The accommodation revenue amounted to approximately HK$12.80 million for the year under review, representing an increase of approximately 7.5% over the last year. Or slightly increase of 3.4% when the appreciation of Renminbi excluded.

OPERATIONAL REVIEW (CONTINUED)

A. Star-rated hotel operation (continued)

Catering and rental revenue

In order to stabilized the income of hotel operation, at the end of 2009, the hotel operator let out the Chinese restaurant in the Group's Hotel. On the one hand, this contributed to approximately HK$0.85 million in rental revenue during the year under review. On the other hand, there is no longer a corresponding catering income and the total catering revenue of the Group's Hotel dropped accordingly.

In 2011, we will continue to strengthen cost management and risk control, optimize the resources and management flow of the hotel operation, improve its ability to respond to contingencies and enhance the overall economic efficiency.

B. Hong Kong properties held by the group

The occupancy rate for the properties of the Group nearly full during the year under review. It brought steady rental income to the Group. For the year ended 31 December 2010, the rental income of the properties in Hong Kong was approximately HK$1.27 million, while last year's was approximately HK$1.37 million. The decrease is due to the disposal of correspondence investment property at the end of 2009.

With the support of the strong local economy, we are confident in delivering continued revenue growth in 2011. Rental reversion and stable occupancy will drive revenue growth for the Group's properties.

During the year under review, no gain on disposal of investment property is accounted for (2009: HK$1.41 million).

C. Piano manufacturing

The Group diversified its business into the piano manufacturing sector by acquiring a 25% equity interest of Harmony Piano in 2005. This business interest brought steady profit to the Group for the year under review.

FUTURE DEVELOPMENT

Looking forward, despite the uncertainty will still remain in the global economy. However, it remains a year full of challenges and opportunities. The Group will continue to upholding a standardized and market-oriented operation model and well prepared for the challenges ahead. As always, the Group is improving profitability and generating good returns to our shareholders.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 31 December 2010, the Group had a net cash balance of approximately HK$37.91 million (2009: HK$35.83 million). The Group's net asset value (assets less liabilities) was approximately HK$129.71 million (2009: HK$126.57 million), with a liquidity ratio (ratio of current assets to current liabilities) of 11.90 (2009: 8.97). This high level of liquidity and available funding will enable the Group to meet its expected future working capital requirements and to take advantage of growth opportunities for the business. During the year, there was no material change in the Group's funding and treasury policy. The Directors do not expect the Company to experience any problem with liquidity and financial resources in foreseeable future.

Charge on Assets

As at 31 December 2010, the Group has not charged any of its assets.

Capital Structure of the Group

The Group's monetary assets, liabilities and transactions are principally denominated in Hong Kong dollars and Renminbi. Operating outgoings incurred by the Group's subsidiary in the mainland China are mainly denominated in RMB as well as its revenue. The management is of the opinion that the Group's exposure to foreign exchange rate risks is not significant and hedging through the use of derivative instruments is considered unnecessary. Any material fluctuation in the exchange rates of Hong Kong dollar or Renminbi may have an impact on the operating results of the Group.

The funding and treasury policies of existing subsidiaries of the Group are centrally managed and controlled by the Group's senior management in Hong Kong.

FINANCIAL REVIEW (CONTINUED)

Substantial Disposal and Acquisitions

The Group had not participated in any substantial acquisition and disposal during the year under review.

Contingent Liability

During the year, the Group did not have any significant contingent liability.

Human Resources

As at 31 December 2010, the Group had approximately 122 employees in Hong Kong and Xiamen. The remuneration package was determined with reference to performance and the prevailing market rate. The Group also provides employees with training, the opportunity to join its mandatory provident fund scheme and medical insurance cover.

DIVIDENDS

The Company did not propose any dividends for the year ended 31 December 2010. The Directors do not recommend the payment of a dividend for the year ended 31 December 2010.

PURCHASES, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor its subsidiaries, had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2010.

CORPORATE GOVERNANCE

The Directors consider that throughout the year ended 31 December 2010, the Company has complied with the Code on Corporate Governance Practices ("Code on Corporate Governance") as set out in Appendix 14 of the Listing Rules. The Company had received from each of the Independent Non-executive Directors a verbal confirmation of his independence.

The Company has adopted the Code on Corporate Governance. The Company had made specific enquiries to all Directors regarding any non-compliance with the Code on Corporate Governance during the year ended 31 December 2010, and had received confirmations from all Directors that they had fully complied with the required standard set out in the Code on Corporate Governance during the year ended 31 December 2010.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted Appendix 10 to the Listing Rules, the Model Code, as its own code of conduct regarding Directors' securities transactions. Specific enquiry has been made with all Directors and the Directors have complied with the requirements set out in the Model Code for the year ended 31 December 2010.

INVESTMENT PROPERTIES

At 31 December 2010, the investment properties of the Group were revalued by an independent firm of professional surveyor and property valuer on an open market value basis at HK$28.68 million.

INVESTMENT PROPERTIES (CONTINUED)

Particulars of investment property interests held by the Group at 31 December 2010 are as follows:

Investment properties	Leasehold expiry	Gross floor area (square feet)	Year of completion	Group's attributable interest
Hong Kong				
Commercial				
1. Shop Nos. 1, 3 and 4 on Ground Floor together with open yard adjoining thereto and the whole of First and Second Floors, Sun Ming Court, Nos. 84-90 Castle Peak Road, Sham Shui Po, Kowloon.	2047	10,464	1981	50%
2. Shop Nos. 50, and 65 on Ground Floor, Shaukiwan Centre, No.407 Shau Kei Wan Road, Hong Kong	2859	876	1982	100%
Others				
1. Motor cycle parking space Nos. 54, 55, 56, 57 and 58 of Yuet Ming Building, No. 52 Yuet Wah Street, Kwun Tong, Kowloon.	2047	–	1975	100%

AUDIT COMMITTEE

The Audit Committee of the Group was established in 1999. Currently, it comprises three members, all of whom are Independent Non-executive Directors, namely Mr. Leung Hok Lim who possesses professional accounting qualification, Mr. Lam Kwong Siu and Mr. Cheung Wah Fung, Christopher. Mr. Leung Hok Lim is the Chairman of the Audit Committee. The Audit Committee adopted the term of reference in accordance with the Code on Corporate Governance Practices issued by the Stock Exchange. The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting process and internal controls. Two meetings have been held by the Audit Committee during the year. Each Committee meeting was provided with necessary financial information of the Group for consideration, review and assessment of major issues.

NOMINATION COMMITTEE

The Nomination Committee is responsible for recommending candidates to fill vacancies in the Board based on their qualifications, abilities and potential contribution to our Company and to ensure fair and transparent procedures for the appointment, re-election and removal of directors to the Board. The terms of reference of the Nomination Committee are available on our Company's website.

The Nomination Committee was formed by the Group in March 2005. The Committee currently comprises three members, all of whom are Independent Non-executive Directors namely Mr. Cheung Wah Fung, Christopher, Mr. Leung Hok Lim and Mr. Lam Kwong Siu, whereas Mr. Cheung Wah Fung, Christopher was nominated as the Chairman of the committee.

During the year ended 31 December 2010, the members of the Nomination Committee met once and resolved to propose the reappointment of our one independent non-executive Director for a term of two years from 24 September 2010 to 23 September 2012 and submitted the same to the Board for approval.

REMUNERATION COMMITTEE

The Group established its Remuneration Committee in March 2005. The Committee currently comprises three members, all of whom are Independent Non-executive Directors, namely Mr. Lam Kwong Siu, Mr. Leung Hok Lim and Mr. Cheung Wah Fung, Christopher. Mr. Lam Kwong Siu is the Chairman of the Remuneration Committee. The Remuneration Committee adopted the term of reference in accordance with the Code on Corporate Governance Practices issued by the Stock Exchange. The Remuneration Committee met once during the year as to review the emolument policy and the benefits of the Executive Directors.

The Remuneration Committee shall consult the Chairman and/or the General Manager of the Group about their proposals relating to remuneration package and other human resources issues of the Directors and senior management of the Group. The emoluments of Directors are based on each Director's skill, knowledge and involvement in the Group's affairs, the Group's performance and profitability, remuneration benchmark in the industry and the prevailing market conditions.

RISK MANAGEMENT

The Company's management believes that risk management is an essential component of the Group's administrative structure. The management assists the Board in evaluating material risk exposure existing in the Group's business, including investment risk, interest rate risk, liquidity risk etc, and participates in designing and formulating appropriate risk management and internal control measures, and to ensure its implementation in daily operational management.

The management considers that the investment risk management measures provide guarantee to the Group through its way of seeking new development opportunities, as to secure reasonable return in every investment, to reduce investment risks and to avoid possible loss attributable to investments.

The Group's risk management towards liquidity aims to ensure that under all circumstances there exists sufficient capital to fulfill repayment obligations of all debts due, to maintain good creditworthiness, to finance reasonable investment opportunities and to fuel business development. The Group's accounting department is responsible for daily financial activities and monitors liquidity position from time to time to cope with business operation of the Company.

CORPORATE CORRESPONDENCE

The Company commits to report to the shareholders of the Company the Group's corporate information in a timely and punctual way through notifying or mailing to all shareholders via press release, Interim Report and Annual Report. The circular of the Annual General Meeting will be distributed to all shareholders of the Company at least 21 days prior to the meeting, which set out the requirements and the procedure of the vote and the relevant details of other proposed resolutions. The printed copies of the Group's Annual Report and Interim Report have been dispatched to all the shareholders.

The Company also maintains a corporate website on which comprehensive information about the Group is provided.

The Company is committed to ensuring that it is fully compliant with disclosure obligations stipulated under the Listing Rules and other applicable laws and regulations, and that all shareholders and potential investors have an equal opportunity to receive and obtain externally available information that is released by the Group.

CORPORATE MONITOR

The Board is responsible for monitoring the Group's overall corporate reporting process and control system, while the corporate reporting standard is handled by the accounting department, which makes regular review of resources allocation and financial reporting system properly. Compliance with Code on Corporate Governance Practices, the Listing Rules, SFO and other applicable laws and regulations are handled by the Company Secretary. The Company's management meets with the Executive Directors regularly to review and brief the reporting system, and the Audit Committee annually to review and brief the reporting system.

A package of detailed materials setting out the duties and responsibilities of the Directors of the Company is provided to each newly appointed Director of the Company, in which it is especially specified the applicable rules and regulations (including the Listing Rules) that the first time appointed Directors of the Company shall notice and understand.

CORPORATE MONITOR (CONTINUED)

In respect of the securities transactions made by Directors and relevant employee, the Company has adopted Appendix 10 to the Listing Rules, the Model Code, as its own of conduct regarding the standard for securities transactions. Printed copies of the Model Code have been distributed to each Director and relevant employee of the Group as stipulated therein. All the Directors confirmed that they have complied with the standards set out therein.

Employees who are likely to be in possession of unpublished price-sensitive information about the Group are also subject to compliance with guidelines on no less exacting terms than the Model Code.

SUFFICIENCY OF PUBLIC FLOAT

Based on information available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as of the date of this report.

PUBLICATION OF INFORMATION ON THE STOCK EXCHANGE WEBSITE

This announcement is published on the websites of the Company (www.fujianholdings.com) and the Stock Exchange (www.hkexnews.hk). The annual report of the Company for the year ended 31 December 2010 will be dispatched to shareholders of the Company and available on the above websites in due course.

AUDIT COMMITTEE AND AUDITORS

The Audit Committee of the Company has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2010. The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2010 as set out in this announcement have been agreed by the Group's auditors, Messrs. HLB Hodgson Impey Cheng, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. HLB Hodgson Impey Cheng in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. HLB Hodgson Impey Cheng on this announcement.

ACKNOWLEDGEMENTS

I would like to take this opportunity to extend my sincere gratitude to all shareholders, business partners and customers for their support, and to all our colleagues for their efforts, hard work and dedication. Their hardwork represents the foundation of the Group's future business development.

By Order of the Board
Fujian Holdings Limited
Wang Xiaowu
Chairman

Hong Kong, 24 March 2011

As at the date of this announcement, the existing board of Directors comprises eight Directors, including three executive Directors, namely Mr. Wang Xiaowu, Mr. Wang Ruilian and Mr. Liu Xiaoting, two non-executive Directors, namely Mr. Feng Qiang and Mr. Ye Tao and three independent non-executive Directors, namely Mr. Lam Kwong Siu, Mr. Cheung Wah Fung, Christopher and Mr. Leung Hok Lim.