FUJIAN HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00181)

ANNOUNCEMENT
INTERIM RESULTS FOR THE PERIOD ENDED 30 JUNE 2011

FINANCIAL HIGHLIGHT

	Six months ended 30 June 2011	Six months ended 30 June 2010
• Revenue	**HK$6,815,054**	HK$7,672,750
• Loss attributable to the equity holders of the Company	**(HK$41,329)**	(HK$565,746)
• Loss per share		
– Basic *(HK cents per Share)*	**(0.01)**	(0.11)
– Diluted *(HK cents per Share)*	**N/A**	N/A

RESULTS

The Board of Directors (the "Board") of Fujian Holdings Limited (the "Company") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2011 together with the unaudited comparative figures for the corresponding period in 2010 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period from 1 January 2011 to 30 June 2011 (in HK Dollars)

	Note	**30 June 2011 (Unaudited)**	30 June 2010 (Unaudited)
Revenue	*3*	**6,815,054**	7,672,750
Other income	*5*	**2,493,422**	2,045,207
Other gains and losses	*6*	**350,496**	110,822
Employee benefit expenses		**(2,809,803)**	(3,158,455)
Depreciation		**(1,601,902)**	(1,572,982)
Amortisation of prepaid lease payment		**(937,004)**	(937,004)
Share of profit of associate		**223,174**	169,030
Other operating expenses		**(4,565,047)**	(4,481,518)
Loss before tax	*7*	**(31,610)**	(152,150)
Income tax expenses	*8*	**(9,719)**	(413,596)
Loss for the period		**(41,329)**	(565,746)
Other comprehensive income:			
Exchange differences on translating foreign operations		**126,279**	75,991
Other comprehensive income for the period		**126,279**	75,991
Total comprehensive income attributable to equity shareholders of the Company for the period		**84,950**	(489,755)
Loss per share	*9*		
– Basic (HK cents per Share)		**(0.01)**	(0.11)
– Diluted (HK cents per Share)	*9*	**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2011 (in HK Dollars)

	Note	**30 June 2011 (Unaudited)**	31 December 2010 (Audited)
Non-current assets			
Property, plant and equipment		**38,567,740**	40,096,323
Prepaid lease payment		**27,016,927**	27,953,930
Investment properties		**28,675,000**	28,675,000
Interest in an associate		**10,261,523**	10,038,350
		104,521,190	106,763,603
Current assets			
Inventories	*11*	**29,676**	143,036
Trade and other receivables	*12*	**5,146,656**	3,002,037
Bank balances and cash		**41,221,051**	37,914,888
		46,397,383	41,059,961
Current liabilities			
Trade and other payables	*13*	**6,401,369**	3,450,697
Net current assets		**39,996,014**	37,609,264
Total assets less current liabilities		**144,517,204**	144,372,867
Capital and reserves			
Equity attributable to owners of the Company			
Share capital	*14*	**66,780,000**	66,780,000
Reserves		**63,018,818**	62,933,868
Total equity		**129,798,818**	129,713,868
Non-current liabilities			
Deferred tax liabilities		**8,698,677**	8,764,649
Trade and other payables	*13*	**6,019,709**	5,894,350
		14,718,386	14,658,999
		144,517,204	144,372,867

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2011 (in HK Dollars)

	2011 (Unaudited)					
	Attributable to owners of the Company					
	Share capital *(Note 14)*	**Share premium**	**Translation reserve**	**Share-based compensation reserve**	**Accumulated losses**	**Total**
At 1 January 2011	66,780,000	576,659,713	(7,277,983)	–	(506,447,862)	129,713,868
Total comprehensive income for the period	–	–	126,279	–	(41,329)	84,950
At 30 June 2011	**66,780,000**	**576,659,713**	**(7,151,704)**	**–**	**(506,489,191)**	**129,798,818**

	2010 (Unaudited)					
	Attributable to owners of the Company					
	Share capital *(Note 14)*	Share premium	Translation reserve	Share-based compensation reserve	Accumulated losses	Total
At 1 January 2010	66,597,500	576,304,933	(7,522,097)	268,640	(509,074,379)	126,574,597
Total comprehensive income for the period	–	–	75,991	–	(565,746)	(489,755)
Issue of ordinary share under Share Options Scheme	182,500	354,780	–	(268,640)	–	268,640
At 30 June 2010	66,780,000	576,659,713	(7,446,106)	–	(509,640,125)	126,353,482

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 January 2011 to 30 June 2011 (in HK Dollars)

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements set out in Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and with the Hong Kong Accounting Standard ("HKAS") No.34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The unaudited condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The accounting policies used in the unaudited condensed consolidated interim financial statements are consistent with those followed in the preparation of the annual financial statements of the Group for the year ended 31 December 2010, except as described in note 2.

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

The accounting policies used in the consolidated condensed interim financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2010, except as described below.

In the current year, the Group has applied the following new and revised standards, amendments and interpretations ("Int") ("new and revised HKFRSs") issued by the HKICPA.

HKFRSs (Amendments)	Improvements to HKFRSs 2010 except for the amendments to HKFRS 3 (Revised in 2008), HKFRS 7, HKAS 1 and HKAS 28
HKFRS 1 (Amendment)	Limited Exemptions from Comparative HKFRS 7 Disclosures for First-time Adopters
HKAS 24 (Revised)	Related Party Disclosures
HKAS 32 (Amendment)	Classification of Rights Issues
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[1]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangements[4]
HKFRS 12	Disclosure of Interests in Other Entities[4]
HKFRS 13	Fair Value Measurement[4]
HKAS 1 (Revised)	Presentation of Financial Statements[3]
HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets[2]
HKAS 19 (2011)	Employee Benefits[4]
HKAS 27 (2011)	Separate Financial Statements[4]
HKAS 28 (2011)	Investments in Associates and Joint Ventures[4]

[1] *Effective for annual periods beginning on or after 1 July 2011.*

[2] *Effective for annual periods beginning on or after 1 January 2012.*

[3] *Effective for annual periods beginning on or after 1 July 2012.*

[4] *Effective for annual periods beginning on or after 1 January 2013.*

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 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.

- 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.

3. REVENUE

The principal activities of the Company and its subsidiaries (collectively referred to as the "Group") are investment holdings, property investment in Hong Kong and hotel operations in the PRC. An analysis of the Group's revenue is as follows:

	30 June 2011 (Unaudited)	30 June 2010 (Unaudited)
Gross rental income from letting of investment properties	**683,410**	629,160
Revenue from hotel operations	**6,131,644**	7,043,590
	6,815,054	7,672,750

4. SEGMENT INFORMATION

Information reported to the Board of Directors of the Company, being the chief operating decision maker, for the purpose of resource allocation and assessment of segment performance focuses on the 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

Segment revenue and results

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

	Property investment		Hotel operations		Consolidated	
	30 June 2011	30 June 2010	**30 June 2011**	30 June 2010	**30 June 2011**	30 June 2010
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
REVENUE						
Revenue from external customers	**683,410**	629,160	**6,131,644**	7,043,590	**6,815,054**	7,672,750
Segment profit before depreciation amortisation and others	**637,448**	581,720	**3,626,650**	3,505,015	**4,264,098**	4,086,735
Depreciation	**–**	–	**(1,569,487)**	(1,566,590)	**(1,569,487)**	(1,566,590)
Amortisation	**–**	–	**(937,004)**	(937,004)	**(937,004)**	(937,004)
Building renovation expenses	**–**	(112,738)	**–**	–	**–**	(112,738)
Wavier of other payable	**–**	–	**–**	672,515	**–**	672,515
Segment result	**637,448**	468,982	**1,120,159**	1,673,936	**1,757,607**	2,142,918
Unallocated income					**614,855**	259,691
Central administration costs					**(2,627,246)**	(2,723,789)
Share of profit of associate					**223,174**	169,030
Loss before tax					**(31,610)**	(152,150)
Income tax expense					**(9,719)**	(413,596)
Loss for the period					**(41,329)**	(565,746)

Segment revenue as reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2010: 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.

Segment assets and liabilities

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

	Property investment		**Hotel operations**		**Consolidated**	
	30 June 2011 (Unaudited)	31 December 2010 (Audited)	**30 June 2011 (Unaudited)**	31 December 2010 (Audited)	**30 June 2011 (Unaudited)**	31 December 2010 (Audited)
BALANCE SHEET						
Assets						
Segment assets	**70,208,691**	67,130,032	**70,446,380**	70,652,604	**140,655,071**	137,782,636
Interest in associate					**10,261,523**	10,038,350
Unallocated corporate assets					**1,979**	2,578
Consolidated total assets					**150,918,573**	147,823,564
Liabilities						
Segment liabilities	**(867,708)**	(967,587)	**(11,553,370)**	(8,362,460)	**(12,421,078)**	(9,330,047)
Unallocated corporate liabilities					**(8,698,677)**	(8,779,649)
Consolidated total liabilities					**(21,119,755)**	18,109,696

	30 June 2011 (Unaudited)	30 June 2010 (Unaudited)	**30 June 2011 (Unaudited)**	30 June 2010 (Unaudited)	**30 June 2011 (Unaudited)**	30 June 2010 (Unaudited)
Other information						
Segment Depreciation	**–**	–	**1,569,487**	1,566,590	**1,569,487**	1,566,590
Unallocated depreciation	**–**	–	**–**	–	**32,415**	6,392
					1,601,902	1,572,982
Amortisation of prepaid lease payment	**–**	–	**937,004**	937,004	**937,004**	937,004
Wavier of other payable	**–**	–	**–**	(672,515)	**–**	(672,515)

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

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

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

Geographical information

	Hong Kong		**Mainland**		**Total**	
	30 June 2011 (Unaudited)	30 June 2010 (Unaudited)	**30 June 2011 (Unaudited)**	30 June 2010 (Unaudited)	**30 June 2011 (Unaudited)**	30 June 2010 (Unaudited)
Revenue from external customers	**683,410**	629,160	**6,131,644**	7,043,590	**6,815,054**	7,672,750

The following is an analysis of the carrying amounts of segment non-current assets analysed by the geographical area in which the assets are located:

	30 June 2011 (Unaudited)	31 December 2010 (Audited)
Assets located in		
– Mainland	**65,470,130**	67,903,300
– Hong Kong	**28,789,537**	28,821,953
	94,259,667	96,725,253
Interest in associate	**10,261,523**	10,038,350
	104,521,190	106,763,603
Capital expenditure		
– Mainland	**–**	957,047
– Hong Kong	**–**	125,440
	–	1,082,487

5. OTHER INCOME

	30 June 2011 (Unaudited)	30 June 2010 (Unaudited)
Income from granting the management right of the Group's hotel *(note (i), (ii) and (iii))*	**2,206,052**	1,202,129
Bank interest income	**264,358**	148,868
Waiver of other payable	**–**	672,515
Others	**23,012**	21,695
	2,493,422	2,045,207

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.

(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

	30 June 2011 (Unaudited)	30 June 2010 (Unaudited)
Net foreign exchange gains	**350,496**	110,822

7. LOSS BEFORE TAX

	30 June 2011 (Unaudited)	30 June 2010 (Unaudited)
loss for the period has been arrived at after charging/(crediting):		
Gross rental income from investment properties	**(683,410)**	(629,160)
Less: Direct operating expenses that generated rental income during the period	**45,962**	160,178
	(637,448)	(468,982)
Depreciation of hotel property	**1,224,532**	1,224,532
Depreciation of other property, plant and equipment	**377,370**	348,450
	1,601,902	1,572,982
Amortisation of prepaid lease payment	**937,004**	937,004
Total depreciation and amortisation	**2,538,906**	2,509,986
Salaries and other benefits (including directors' remunerations)	**2,565,562**	2,930,153
Retirement benefit scheme contributions	**244,241**	228,302
Staff costs	**2,809,803**	3,158,455
Share of tax of an associate (included in share of profit of an associate)	**223,174**	169,030

8. INCOME TAX EXPENSE

	30 June 2011 (Unaudited)	30 June 2010 (Unaudited)
Current income tax – PRC Enterprise Income tax ("EIT")	**75,691**	–
Deferred tax		
Current period	**(65,972)**	413,596
	9,719	413,596

Hong Kong Profits Tax is calculated at 16.5% (30 June 2010: 16.5%) of the estimated assessable profit for the period.

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements as the Company has agreed that tax losses be brought forward to set off against the assessable profits and its Hong Kong subsidiaries did not have any assessable profits for the period (30 June 2010: Nil).

The PRC Enterprise Income Tax is calculated at 24% (30 June 2010: Nil) 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 that are expected to apply to the respective periods when the asset is realised or the liability is settled.

9. LOSS PER SHARE

The calculation of basic loss per share attributable to the equity holders of the Company is based on the unaudited consolidated net loss attributable to the equity holders of the Company of approximately HK$41,000 (30 June 2010: loss approximately HK$0.57 million) and the weighted average number of 534,240,000 (30 June 2010: 532,780,000) ordinary shares in issue during the period.

Diluted loss per share for the period ended 30 June 2011 has not been disclosed, as no share options were outstanding during these periods.

10. INTERIM DIVIDEND

The Board has resolved not to recommend the payment of an interim dividend for the Period (30 June 2010: Nil).

11. INVENTORIES

	30 June 2011 (Unaudited)	31 December 2010 (Audited)
Consumables	**29,676**	143,036

12. TRADE AND OTHER RECEIVABLES

	30 June 2011 (Unaudited)	31 December 2010 (Audited)
Trade receivables	**688,618**	952,053
Less: Allowance for doubtful debts	**(163,842)**	(160,430)
	524,776	791,623
Other receivables, utility deposits and prepayments	**17,283,992**	14,608,840
Less: Allowance for doubtful debts	**(12,662,112)**	(12,398,426)
	4,621,880	2,210,414
Total trade and other receivables	**5,146,656**	3,002,037

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

	30 June 2011 (Unaudited)	31 December 2010 (Audited)
Current to six months	**504,138**	791,623
Over six months and within one year	**20,612**	–
Over 1 year	**26**	–
	524,776	791,623

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$Nil (31 December 2010: HK$Nil) 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 receivable is 45 days (2010: 45 days).

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

13. TRADE AND OTHER PAYABLES

	30 June 2011 (Unaudited)	31 December 2010 (Audited)
Trade payables	**1,013,068**	1,309,843
Other payables	**11,408,010**	8,035,204
Total trade and other payables	**12,421,078**	9,345,047
Less: Other payables classified as non-current liabilities *(note)*	**(6,019,709)**	(5,894,350)
	6,401,369	3,450,697

Note:

Pursuant to the Management Contract, Friendship International paid RMB5 million, equivalent to HK$6,019,709 (31 December 2010: HK$5,894,350), 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.

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

	30 June 2011 (Unaudited)	31 December 2010 (Audited)
Current to six months	**338,835**	734,704
Over six months and within one year	**477,192**	467,288
Over one year	**197,041**	107,851
	1,013,068	1,309,843

The average credit period is 45 days.

14. SHARE CAPITAL

	30 June 2011 (Unaudited)		31 December 2010 (Audited)	
	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 and at end of period/year	**534,240,000**	**66,780,000**	532,780,000	66,597,500
Exercise of share options	**–**	**–**	1,460,000	182,500
At end of period	**534,240,000**	**66,780,000**	534,240,000	66,780,000

15. PENDING LITIGATION

At 30 June 2011, Xiamen Plaza is a defendant in a pending litigation arising from the balance due and interest payable to Fujian Sunshine Group Limited of RMB268,716 (equivalent to approximately HK$324,000). The Directors of the Company consider that Xiamen Plaza has a good defence against such claims and no provision has been made in the consolidated financial statements.

16. POST BALANCE SHEET EVENT

In accordance with the receipt of repayment fund and waive of debt between Yan Hei and Xiamen Plaza, the Xiamen Local Taxation Bureau ("XLTB") has issued the Notice of Unusual Tax Assessment（納稅異常評估通知書）. The Company is now under well communication with XLTB. The Directors of the company consider that our Company has a good defense against such assessment and no provision has been made in the consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The turnover of the Group for the six months ended 30 June 2011 amounted to approximately HK$6.82 million, representing an decrease of approximately 11% as compared to approximately HK$7.67 million in the corresponding period last year. The decrease is mainly due to the reduce in revenue from hotel operation for the period under review.

For the six months ended 30 June 2011, the gearing ratio (divide non-current liability by equity plus non-current liabilities multiple by 100 which results in percentage) of the Group was 10.2% (31 December 2010: 10.2%). For the six months ended 30 June 2011, the net loss attributable to shareholders was approximately HK$41,000 (30 June 2010: loss approximately HK$0.57 million). Loss per share was approximately 0.01 HK cent for the six months ended 30 June 2011.

OPERATIONAL REVIEW

a. Star-rated Hotel Operation

Star-rated hotel operation is the main source of revenue for the Group. For the period ended 30 June 2011, turnover of the hotel was approximately HK$6.13 million (30 June 2010: HK$7.04 million), representing a reduce of approximately 13% from the corresponding financial period.

For the period under review, the Occupancy Rate was approximately 43% (30 June 2010: 50%). Average Daily Rate (ADR) was approximately RMB230 (30 June 2010: RMB217) representing an increase of 6% over the previous period.

The following table sets out the amount and percentage of contributions from different businesses of the star-rated hotel operation for the period ended 30 June 2011, together with comparative figures of 2010:

	30 June 2011		30 June 2010	
	HK$ in thousand	**% in turnover**	HK$ in thousand	% in turnover
Accommodation revenue	**5,195**	**85%**	5,806	83%
Catering revenue	**–**	**–**	152	2%
Rental revenue	**937**	**15%**	1,086	15%
	6,132	**100%**	7,044	100%

Accommodation revenue

Revenue loss stemming from the fierce competition and the interior facilities is functional obsolescence. The accommodation revenue amounted to approximately HK$5.20 million for the period under review, representing a decrease by approximately 12% over the last period.

Catering and rental revenue

In order to stabilize the income of hotel operation, the hotel operator let out all the restaurant facilities in the Group's Hotel. On the one hand, this contributed to approximately HK$0.94 million in rental revenue during the period for the Group. On the other hand, there is no longer a corresponding catering income.

To meet the challenges arising from the overall operating environment, 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 was nearly full during the year under review. It brought steady rental income to the Group. For the year ended 30 June 2011, the rental income of the properties in Hong Kong was approximately HK$0.68 million, while last year recorded approximately HK$0.63 million.

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.

c. Piano Manufacturing

The Group diversified its business into piano manufacturing by acquiring a 25% equity interest in Harmony Piano in 2005. This business interest has brought steady profit to the Group for these few years.

FUTURE DEVELOPMENT

As always, the Group's management will seize challenges by upholding a standardized and market-oriented operation model and strive to achieve continual growth in the Group's profits and higher returns for shareholders.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at the balance sheet date, the Group had a net cash balance of approximately HK$41.22 million (31 December 2010: HK$37.91 million). The Group's net asset value (assets less liabilities) was approximately HK$144.52 million (31 December 2010: HK$144.37 million), with a liquidity ratio (ratio of current assets to current liabilities) of 7.25 (31 December 2010: 10.99). 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 period under review, 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 30 June 2011, 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 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.

CONTINGENT LIABILITY

Save as disclosed in note 15 to the condensed consolidated financial statements, the Group did not have any significant contingent liability during the period under review.

HUMAN RESOURCES

As at 30 June 2011, the Group had approximately 90 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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted Appendix 10 of 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 six months ended 30 June 2011.

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

Neither the Company its subsidiaries have purchased, sold or redeemed any of the Company's listed securities during the Period under review.

INTERESTS IN COMPETING BUSINESSES

During the Period, none of the Directors or their respective associates of the Company had any business which competes or is likely to compete, either directly or indirectly, with any business of the Group.

INTERESTS IN ASSETS OF THE GROUP

During the Period, none of the Directors of the Company had any direct or indirect interests in any assets which have been acquired or disposed of, or leased to, or which are proposed to be acquired or disposed of or leased to, the Company or any of its subsidiaries.

DIRECTORS' INTERESTS IN CONTRACTS

None of the Directors of the Company were materially interested in any contract or arrangement subsisting during the Period which is significant in relation to the business of the Group.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

Adapting and adhering to recognized standards of corporate governance principles and practices has always been one of the top priorities of the Company. The Board of Directors (the "Board") believes that good corporate governance is one of the areas that lead to the success of the Company and in balancing the interests of shareholders, customers and employees, and the Board is devoted to ongoing enhancements of the efficiency and effectiveness of such principles and practices.

The Directors consider that throughout the period under review, the Company has complied with the Code on Corporate Governance Practices ("Code on Corporate Governance") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock of Hong Kong Limited (the "Listing Rules"). The Company has received a verbal confirmation of independence from each of the Independent Non-executive Directors.

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. Each Committee meeting was provided with necessary financial information of the Group for consideration, review and assessment of major issues.

REVIEW OF ACCOUNTS

The Audit Committee has reviewed the interim financial results for the period under review. The Audit Committee considers the financial statement to be complied with the appropriate financial standards and the law regulations and with enough disclosure has been made.

The unaudited interim financial report for six months ended 30 June 2011 was approved by the Board for issue on 16 August 2011.

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 Interim report of the Company for the period ended 30 June 2011 will be dispatched to shareholders of the Company and available on the above websites in due course.

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 forms the foundation for the Group's future business development.

By Order of the Board
Fujian Holdings Limited
Wang Xiaowu
Chairman

Hong Kong, 16 August 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.