FUJIAN HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00181)

ANNOUNCEMENT
INTERIM RESULTS FOR THE PERIOD ENDED 30 JUNE 2012

FINANCIAL HIGHLIGHT

	Six months ended 30 June 2012	Six months ended 30 June 2011
• Revenue	**HK$6,591,821**	HK$6,815,054
• Profit/(Loss) attributable to the equity holders of the Company	**HK$19,763**	(HK$41,329)
• Profit/(Loss) per share		
— Basic *(HK cents per Share)*	**0.004**	(0.01)
— Diluted *(HK cents per Share)*	**N/A**	N/A

RESULTS

The Board of Directors (the "Board") of Fujian Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2012 together with the unaudited comparative figures for the corresponding period in 2011 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period from 1 January 2012 to 30 June 2012 (in HK Dollars)

	Note	**30 June 2012 (Unaudited)**	30 June 2011 (Unaudited)
Revenue	*2*	**6,591,821**	6,815,054
Other income	*4*	**4,417,748**	2,493,422
Other gains	*5*	**108,002**	350,496
Employee benefit expenses		**(2,991,489)**	(2,809,803)
Depreciation		**(1,577,250)**	(1,601,902)
Amortisation of prepaid lease payment		**(937,003)**	(937,004)
Share of profit of associate		**212,659**	223,174
Other operating expenses		**(5,278,439)**	(4,565,047)
Profit/(Loss) before tax	*6*	**546,049**	(31,610)
Income tax expenses	*7*	**(526,286)**	(9,719)
Profit/(Loss) for the period		**19,763**	(41,329)
Other comprehensive income:			
Exchange differences on translating foreign operations		**121,703**	126,279
Other comprehensive income for the period		**121,703**	126,279
Total comprehensive income attributable to equity shareholders of the Company for the period		**141,466**	84,950
Profit/(Loss) per share			
— Basic and diluted (HK cents per Share)	*8*	**0.004**	(0.01)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2012 (in HK Dollars)

	Note	**30 June 2012 (Unaudited)**	31 December 2011 (Audited)
Non-current assets			
Property, plant and equipment		**35,468,950**	36,763,638
Prepaid lease payment		**25,142,920**	26,079,923
Investment properties		**29,800,000**	29,800,000
Interest in an associate		**11,807,031**	11,531,435
		102,218,901	104,174,996
Current assets			
Inventories	*10*	**10,428**	93,678
Trade and other receivables	*11*	**8,077,159**	9,029,332
Bank balances and cash		**46,776,526**	43,289,903
		54,864,113	52,412,913
Current liabilities			
Trade and other payables	*12*	**4,995,102**	5,363,032
Current tax liabilities		**2,342,101**	1,449,273
		7,337,203	6,812,305
Net current assets		**47,526,910**	45,600,608
Total assets less current liabilities		**149,745,811**	149,775,604
Capital and reserves			
Equity attributable to owners of the Company			
Share capital	*13*	**66,780,000**	66,780,000
Reserves		**68,201,296**	68,059,830
Total equity		**134,981,296**	134,839,830
Non-current liabilities			
Deferred tax liabilities		**8,620,235**	8,824,874
Trade and other payables	*12*	**6,144,280**	6,110,900
		14,764,515	14,935,774
		149,745,811	149,775,604

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2012 (in HK Dollars)

	2012 (Unaudited) Attributable to owners of the Company					
	Share capital *(Note 13)*	**Share premium**	**Translation reserve**	**Share-based compensation reserve**	**Accumulated losses**	**Total**
At 1 January 2012	**66,780,000**	**576,659,713**	**(6,647,273)**	**—**	**(501,952,610)**	**134,839,830**
Total comprehensive income for the period	**—**	**—**	**121,703**	**—**	**19,763**	**141,466**
At 30 June 2012	**66,780,000**	**576,659,713**	**(6,525,570)**	**—**	**(501,932,847)**	**134,981,296**

	2011 (Unaudited) Attributable to owners of the Company					
	Share capital *(Note 13)*	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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 January 2012 to 30 June 2012 (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 adopted for the preparation of the consolidated interim financial statements are consistent with those set out in the Group's consolidated annual financial statements for the year ended 31 December 2011, except for adoption of new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA which are effective to the Group for accounting periods beginning on or after 1 January 2012. The adoption of the new HKFRSs has no material impact on the Group's results and financial position for the current or prior periods.

2. 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 2012 (Unaudited)	30 June 2011 (Unaudited)
Gross rental income from letting of investment properties	**697,064**	683,410
Revenue from hotel operations	**5,894,757**	6,131,644
	6,591,821	6,815,054

3. 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 2012 (Unaudited)	30 June 2011 (Unaudited)	**30 June 2012 (Unaudited)**	30 June 2011 (Unaudited)	**30 June 2012 (Unaudited)**	30 June 2011 (Unaudited)
REVENUE						
Revenue from external customers	**697,064**	683,410	**5,894,757**	6,131,644	**6,591,821**	6,815,054
Segment profit before depreciation amortisation and others	**626,264**	637,448	**3,967,516**	3,626,650	**4,593,780**	4,264,098
Depreciation	**—**	—	**(1,577,250)**	(1,569,487)	**(1,577,250)**	(1,569,487)
Amortisation	**—**	—	**(937,003)**	(937,004)	**(937,003)**	(937,004)
Segment result	**626,624**	637,448	**1,453,263**	1,120,159	**2,079,527**	1,757,607
Unallocated income					**855,014**	614,855
Central administration costs					**(2,601,151)**	(2,627,246)
Share of profit of associate					**212,659**	223,174
Profit/(loss) before tax					**546,049**	(31,610)
Income tax expense					**(526,286)**	(9,719)
Profit/(loss) for the period					**19,763**	(41,329)

For the year ended 30 June 2012, income from granting the management right of the Group's hotel of HK$3,654,625 (2011: HK$2,206,051) is included in the segment result before other gains/(losses) of hotel operations reportable segment.

Segment revenue as reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2011: nil).

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 2012 (Unaudited)	31 December 2011 (Audited)	**30 June 2012 (Unaudited)**	31 December 2011 (Audited)	**30 June 2012 (Unaudited)**	31 December 2011 (Audited)
BALANCE SHEET						
Assets						
Segment assets	**77,681,577**	76,235,229	**67,593,027**	68,816,051	**145,274,604**	145,051,280
Interest in associate					**11,807,031**	11,531,435
Unallocated corporate assets					**1,379**	5,194
Consolidated total assets					**157,083,014**	156,587,909
Liabilities						
Segment liabilities	**(1,419,307)**	(1,076,747)	**(12,062,176)**	(11,029,409)	**(13,481,483)**	(12,106,156)
Unallocated corporate liabilities					**(8,620,235)**	(9,641,923)
Consolidated total liabilities					**(22,101,718)**	(21,748,079)

	30 June 2012 (Unaudited)	30 June 2011 (Unaudited)	**30 June 2012 (Unaudited)**	30 June 2011 (Unaudited)	**30 June 2012 (Unaudited)**	30 June 2011 (Unaudited)
Other information						
Segment Depreciation	**—**	—	**1,534,229**	1,569,487	**1,534,229**	1,569,487
Unallocated depreciation	**—**	—	**—**	—	**43,021**	32,415
	—	—	**1,534,229**	1,569,487	**1,577,250**	1,601,902
Amortisation of prepaid lease payment	**—**	—	**937,003**	937,004	**937,003**	937,004

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

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

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

	Hong Kong		**Mainland**		**Total**	
	30 June 2012 (Unaudited)	30 June 2011 (Unaudited)	**30 June 2012 (Unaudited)**	30 June 2011 (Unaudited)	**30 June 2012 (Unaudited)**	30 June 2011 (Unaudited)
Revenue from external customers	**697,064**	683,410	**5,894,757**	6,131,644	**6,591,821**	6,815,054

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 2012 (Unaudited)	31 December 2011 (Audited)
Assets located in		
— Mainland	**72,127,087**	74,292,875
— Hong Kong	**30,091,814**	29,882,121
	102,218,901	104,174,996
Capital expenditure		
— Mainland	**14,376**	125,440
— Hong Kong	**216,086**	957,047
	230,462	1,082,487

4. OTHER INCOME

	30 June 2012 (Unaudited)	30 June 2011 (Unaudited)
Income from granting the management right of the Group's hotel *(note (i), (ii) and (iii))*	**3,654,625**	2,206,052
Bank interest income	**741,762**	264,358
Others	**21,361**	23,012
	4,417,748	2,493,422

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 廈門睦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.

5. OTHER GAINS

	30 June 2012 (Unaudited)	30 June 2011 (Unaudited)
Net foreign exchange gains	**108,002**	350,496

6. PROFIT/(LOSS) BEFORE TAX

	30 June 2012 (Unaudited)	30 June 2011 (Unaudited)
Profit/(loss) for the period has been arrived at after charging/(crediting):		
Gross rental income from investment properties	**(697,064)**	(683,410)
Less: Direct operating expenses that generated rental income during the period	**70,800**	45,962
	(626,264)	(637,448)
Depreciation of hotel property	**1,224,532**	1,224,532
Depreciation of other property, plant and equipment	**352,718**	377,370
	1,577,250	1,601,902
Amortisation of prepaid lease payment	**937,003**	937,004
Total depreciation and amortisation	**2,514,253**	2,538,906
Salaries and other benefits (including directors' remunerations)	**2,742,957**	2,565,562
Retirement benefit scheme contributions	**248,532**	244,241
Staff costs	**2,991,489**	2,809,803
Share of tax of an associate (included in share of profit of an associate)	**70,886**	74,986

7. INCOME TAX EXPENSE

	30 June 2012 (Unaudited)	30 June 2011 (Unaudited)
Current income tax — PRC Enterprise Income tax ("EIT")	**730,925**	75,691
Deferred tax		
Current period	**(204,639)**	(65,972)
	526,286	9,719

Hong Kong Profits Tax is calculated at 16.5% (30 June 2011: 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 2011: Nil).

The PRC Enterprise Income Tax is calculated at 25% (30 June 2011: 24%) 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.

8. PROFIT PER SHARE

The calculation of basic profit per share attributable to the equity holders of the Company is based on the unaudited consolidated net profit attributable to the equity holders of the Company of approximately HK$20,000 (30 June 2011: loss approximately HK$41,000, and the number of 534,240,000 (30 June 2011: 534,240,000) ordinary shares in issue during the period.

The diluted earning per share for the respective periods are the same as basic earning per share as there are no dilutive potential ordinary shares.

9. INTERIM DIVIDEND

The Board has resolved not to recommend the payment of an interim dividend for the Period (30 June 2011: Nil).

10. INVENTORIES

	30 June 2012 (Unaudited)	31 December 2011 (Audited)
Consumables	**10,428**	93,678

11. TRADE AND OTHER RECEIVABLES

	30 June 2012 (Unaudited)	31 December 2011 (Audited)
Trade receivables	**798,626**	492,107
Less: Allowance for doubtful debts	**(251,027)**	(249,662)
	547,599	242,445
Other receivables, utility deposits and prepayments	**20,514,695**	21,701,480
Less: Allowance for doubtful debts	**(12,985,135)**	(12,914,593)
	7,529,560	8,786,887
Total trade and other receivables	**8,077,159**	9,029,332

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 2012 (Unaudited)	31 December 2011 (Audited)
Current to six months	**547,599**	242,445
Over six months and within one year	**—**	—
Over 1 year	**—**	—
	547,599	242,445

The average credit period on rendering services is 45 days.

12. TRADE AND OTHER PAYABLES

	30 June 2012 (Unaudited)	31 December 2011 (Audited)
Trade payables	**1,250,790**	1,038,683
Other payables	**9,888,592**	10,435,249
Total trade and other payables	**11,139,382**	11,473,932
Less: Other payables classified as non-current liabilities *(note)*	**(6,144,280)**	(6,110,900)
	4,995,102	5,363,032

Note:

Pursuant to the Management Contract, Friendship International paid RMB5 million, equivalent to HK$6,144,280 (31 December 2011: HK$6,110,900), 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 2012 (Unaudited)	31 December 2011 (Audited)
Current to six months	**429,894**	310,313
Over six months and within one year	**86,616**	145,078
Over one year	**734,280**	583,292
	1,250,790	1,038,683

The average credit period is 45 days.

13. SHARE CAPITAL

	30 June 2012 (Unaudited)		31 December 2011 (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**	534,240,000	66,780,000

14. 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$330,000). 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.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULT

The turnover of the Group for the six months ended 30 June 2012 amounted to approximately HK$6.51 million, representing a decrease of approximately 5% as compared to approximately HK$6.82 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 2012, the gearing ratio (divide non-current liability by equity plus non-current liabilities multiple by 100 which results in percentage) of the Group was 9.85% (31 December 2011: 10%).

For the six months ended 30 June 2012, the net profit attributable to shareholders was approximately HK$20,000 (30 June 2011: loss approximately HK$41,000). Profit per share was approximately 0.004 HK cent for the six months ended 30 June 2012.

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 2012, turnover of the hotel was approximately HK$5.89 million (30 June 2011: HK$6.13 million), representing a reduce of approximately 4% from the corresponding financial period.

For the period under review, the Occupancy Rate was approximately 38% (30 June 2011: 43%), representing a decrease of approximately 11% from the same period under review. Average Daily Rate (ADR) was approximately RMB239 (30 June 2011: RMB230) representing an increase of 4% 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 2012, together with comparative figures of 2011:

	30 June 2012		30 June 2011	
	HK$ in thousand	***% in turnover***	*HK$ in thousand*	*% in turnover*
Accommodation revenue	**4,873**	**83%**	5,195	85%
Rental revenue	**1,022**	**17%**	937	15%
	5,895	**100%**	6,132	100%

Accommodation revenue

Revenue loss stemming from the fierce competition and the interior facilities is functional obsolescence. The accommodation revenue amounted to approximately HK$4.87 million for the period under review, representing a decrease by approximately 6% over the last period.

Rental revenue

In order to stabilize the income of hotel operation, the hotel operator let out the restaurant facilities and shopping arcades in the Group's Hotel. This contributed to approximately HK$1.02 million in rental revenue during the period for the Group.

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 2012, the rental income of the properties in Hong Kong was approximately HK$0.7 million, while last year recorded approximately HK$0.68 million.

With the support of the strong local economy, we are confident in delivering continued revenue growth in 2012. Rental reversion and stable occupancy will drive revenue growth for the Group's properties.

On 4 May 2012, the Company entered into the provisional agreement relating to the disposal of the property located at Shops No. 65 on Ground Floor, Shaukiwan Centre, No. 407 Shau Ki Wan Road, Hong Kong. Pursuant to the provisional agreement, the Company agreed to sell, and the purchaser agreed to purchase, the above-mentioned property for a cash consideration of HK$4.38 million. The disposal will be completed on or before 11 September 2012.

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

Looking forward, 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.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at the balance sheet date, the Group had a net cash balance of approximately HK$46.78 million (31 December 2011: HK$43.29 million). The Group's net asset value (assets less current liabilities) was approximately HK$149.75 million (31 December 2011: HK$149.78 million), with a liquidity ratio (ratio of current assets to current liabilities) of 7.48 (31 December 2011: 7.69). 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 2012, 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

The Group did not have any significant contingent liability during the period under review.

HUMAN RESOURCES

As at 30 June 2012, the Group had approximately 98 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.

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.

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 2012.

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 2012 was approved by the Board for issue on 20 August 2012.

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 2012 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, 20 August 2012

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.