FUJIAN HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00181)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

FINANCIAL HIGHLIGHT

	2013	2012
	HK$'000	*HK$'000*
Revenue	**12,666**	15,017
(Loss)/profit attributable to owners of the Company	**(5,649)**	1,551
(Loss)/earnings per share		
Basic (HK cents per share)	**(1.06)**	0.29
Diluted (HK cents per share)	**(1.06)**	0.29

RESULTS

On behalf of the Board of Directors (the "Board") of Fujian Holdings Limited (the "Company"), I hereby present the audited consolidated results of the Company and its subsidiaries (collectively referred to the "Group") for the year ended 31 December 2013, together with the audited comparative figures for the year ended 31 December 2012 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013 (in HK Dollars)

	Notes	**2013**	2012
Revenue	*3*	**12,666,369**	15,017,022
Other income	*5*	**1,080,135**	5,802,875
Other gains and losses	*6*	**2,966,570**	4,118,426
Employee benefits expense		**(7,332,849)**	(6,947,880)
Depreciation		**(2,960,985)**	(3,099,362)
Amortisation of prepaid lease payment		**(1,874,007)**	(1,874,007)
Share of profit of an associate		**1,166,276**	1,145,654
Other operating expenses		**(11,884,394)**	(12,740,549)
(Loss)/profit before tax		**(6,172,885)**	1,422,179
Income tax credit	*7*	**524,131**	129,264
(Loss)/profit for the year	*8*	**(5,648,754)**	1,551,443
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**501,490**	402,365
Other comprehensive income for the year, net of income tax		**501,490**	402,365
Total comprehensive (expense)/income for the year		**(5,147,264)**	1,953,808
(Loss)/earnings per share			
Basic (HK cents per share)	*9*	**(1.06)**	0.29
Diluted (HK cents per share)	*9*	**(1.06)**	0.29

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2013 (in HK Dollars)

	Notes	**2013**	2012
Non-current assets			
Property, plant and equipment		**30,556,075**	33,915,859
Prepaid lease payment		**22,331,909**	24,205,916
Investment properties		**34,570,000**	32,650,000
Interest in an associate		**14,329,531**	12,885,407
Deferred tax assets		**1,894,269**	1,894,269
		103,681,784	105,551,451
Current assets			
Inventories		**105,359**	158,984
Trade and other receivables	*10*	**1,284,595**	1,586,343
Financial assets designed as at fair value through profit or loss		**28,960,480**	—
Bank balances and cash		**14,019,944**	46,413,463
		44,370,378	48,158,790
Current liabilities			
Trade and other payables	*11*	**6,654,488**	6,348,907
Current tax liabilities		**—**	292,265
		6,654,488	6,641,172
Net current assets		**37,715,890**	41,517,618
Total assets less current liabilities		**141,397,674**	147,069,069
Capital and reserves			
Equity attributable to owners of the Company			
Share capital	*12*	**66,780,000**	66,780,000
Reserves		**69,038,549**	74,185,813
Total equity		**135,818,549**	140,965,813
Non-current liabilities			
Deferred tax liabilities		**5,579,125**	6,103,256
		141,397,674	147,069,069

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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 ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain investment properties and financial instruments that are measured at fair values at the end of each reporting period, 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 goods and services.

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

The Group has applied the following new and revised HKFRSs issued by the HKICPA for the first time in the current year:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009–2011 Cycle
Amendments to HKFRS 1	Government Loans
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine

Except as described below, the application of the above new and revised nHKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

New and revised standards on consolidation, joint arrangements, associates and disclosures

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10 *Consolidated Financial Statements*, HKFRS 11 *Joint Arrangements*, HKFRS 12 *Disclosure of Interests in Other Entities*, HKAS 27 (as revised in 2011) *Separate Financial Statements* and HKAS 28 (as revised in 2011) *Investments in Associates and Joint Ventures*, together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance.

HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

Impact of the application of HKFRS 12

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

HKFRS 13 *Fair Value Measurement*

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2012 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

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

New and revised standards on consolidation, joint arrangements, associates and disclosures (continued)

Amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*

The Group has applied the amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*. Upon the adoption of the amendments to HKAS 1, the Group's "statement of comprehensive income" is renamed as the "statement of profit or loss and other comprehensive income". The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. Furthermore, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis — the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle[2]
HKFRS 9	Financial Instruments[5]
Amendments to HKFRS 9, HKFRS 7 and HKAS 39	Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39[5]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
HKFRS 14	Regulatory Deferral Accounts[4]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
HK(IFRIC)-Int 21	Levies[1]

1 *Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.*

2 *Effective for annual periods beginning on or after 1 July 2014. Early application is permitted.*

3 *Effective for annual periods beginning on or after 1 July 2014, with limited exemptions.*

4 *Effective for annual periods beginning on or after 1 January 2016.*

5 *Available for application — the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.*

The Group is in the process of making an assessment of what the impact of the other new or revised standards, amendments and interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

3. REVENUE

	2013	2012
Gross rental income from letting of investment properties	**1,267,987**	1,340,803
Revenue from hotel operations	**11,398,382**	13,676,219
	12,666,369	15,017,022

4. SEGMENT INFORMATION

Information reported to the board of directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focusing 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

Segment revenues and results

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

	Property investment		**Hotel operations**		**Consolidated**	
	2013	2012	**2013**	2012	**2013**	2012
REVENUE						
Revenue from external customers	**1,267,987**	1,340,803	**11,398,382**	13,676,219	**12,666,369**	15,017,022
RESULT						
Segment result before other gains and losses:	**1,100,366**	1,153,557	**(5,856,315)**	(3,461,789)	**(4,755,949)**	(2,308,232)
Gain arising on change in fair value of investment properties	**1,920,000**	6,250,000	**—**	—	**1,920,000**	6,250,000
Gain on disposal of an investment property	**—**	875,873	**—**	—	**—**	875,873
Impairment loss recognised on property, plant and equipment	**—**	—	**(531,506)**	(237,960)	**(531,506)**	(237,960)
Segment result	**3,020,366**	8,279,430	**(6,387,821)**	(3,699,749)	**(3,367,455)**	4,579,681
Unallocated income					**2,150,800**	1,842,192
Central administration costs					**(6,122,506)**	(6,145,348)
Share of profit of an associate					**1,166,276**	1,145,654
(Loss)/profit before tax					**(6,172,885)**	1,422,179
Income tax credit					**524,131**	129,264
(Loss)/profit for the year					**(5,648,754)**	1,551,443

4. SEGMENT INFORMATION (continued)

Segment revenues and results (continued)

For the year ended 31 December 2012, income from granting the management right of the Group's hotel of HK$4,335,941 was included in the segment result before other gains and losses of hotel operations reportable segment.

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2012: Nil).

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

Segment assets and liabilities

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

	Property investment		Hotel operations		Consolidated	
	2013	2012	**2013**	2012	**2013**	2012
ASSETS						
Segment assets	**46,266,760**	79,389,076	**53,795,211**	59,537,792	**100,061,971**	138,926,868
Interest in an associate					**14,329,531**	12,885,407
Unallocated corporate assets					**33,660,660**	1,897,966
Consolidated total assets					**148,052,162**	153,710,241
LIABILITIES						
Segment liabilities	**(907,027)**	(992,038)	**(4,172,461)**	(5,634,134)	**(5,079,488)**	(6,626,172)
Unallocated corporate liabilities					**(7,154,125)**	(6,118,256)
Consolidated total liabilities					**(12,233,613)**	(12,744,428)

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

All assets are allocated to operating segments other than interest in an associate, deferred tax assets, financial assets designated as at fair value through profit or loss and certain bank balances and cash.

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

4. SEGMENT INFORMATION (continued)

Other segment information

	Property investment		Hotel operations		Consolidated	
	2013	2012	**2013**	2012	**2013**	2012
Other segment information						
Additions to non-current assets	**12,760**	252,714	**96,490**	189,894	**109,250**	442,608
Depreciation of property, plant and equipment	**88,635**	88,379	**2,872,350**	3,010,983	**2,960,985**	3,099,362
Amortisation of prepaid lease payment	**—**	—	**1,874,007**	1,874,007	**1,874,007**	1,874,007
Gain arising on change in fair value of investment properties	**(1,920,000)**	(6,250,000)	**—**	—	**(1,920,000)**	(6,250,000)
Gain on disposal of an investment property	**—**	(875,873)	**—**	—	**—**	(875,873)
Loss on disposal and write-off of property, plant and equipment	**3,007**	246	**11,136**	—	**14,143**	246
Impairment loss recognised on trade receivables	**—**	—	**6,616**	3,204	**6,616**	3,204
Impairment loss recognised on other receivables	**—**	—	**306,820**	3,193,039	**306,820**	3,193,039
Impairment loss reversed on other receivables	**—**	—	**(62,664)**	—	**(62,664)**	—
Impairment loss recognised on property, plant and equipment	**—**	—	**531,506**	237,960	**531,506**	237,960

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 is presented based on the location of operations and information about its non-current assets are presented based on the geographical location of assets are detailed below:

	Revenue from external customers		Non-current assets	
	2013	2012	**2013**	2012
PRC	**11,398,382**	13,676,219	**67,050,188**	70,761,015
Hong Kong	**1,267,987**	1,340,803	**36,631,596**	34,790,436
	12,666,369	15,017,022	**103,681,784**	105,551,451

Information about major customers

No external customers of the Group contributed over 10% of the Group's revenue for the year ended 31 December 2013 and 2012.

5. OTHER INCOME

	2013	2012
Income from granting the management right of the Group's hotel (notes (i), (ii), (iii) and (iv))	**–**	4,335,941
Bank interest income	**307,809**	1,415,190
Others	**772,326**	51,744
	1,080,135	5,802,875

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, entered into an agreement with Fujian Sunshine Group Limited ("Sunshine Group") and 廈門敦睦酒店管理有限公司 (translated as 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.

(iv) The Management Contract was terminated on 9 October 2012 due to default in payment by Friendship International, and the Hotel has been operated by the Group since 10 October 2012.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. OTHER GAINS AND LOSSES

	2013	2012
Gain arising on change in fair value of investment properties	**1,920,000**	6,250,000
Gain arising on change in fair value of financial assets designated as at fair value through profit or loss	**1,281,851**	—
Impairment loss recognised on property, plant and equipment	**(531,506)**	(237,960)
Impairment loss recognised on trade receivables	**(6,616)**	(3,204)
Impairment loss recognised on other receivables	**(306,820)**	(3,193,039)
Impairment loss reversed on other receivables	**62,664**	—
Loss on disposal and written-off of property, plant and equipment	**(14,143)**	(246)
Net foreign exchange gains	**561,140**	427,002
Gain on disposal of an investment property	**—**	875,873
	2,966,570	4,118,426

7. INCOME TAX CREDIT

	2013	2012
Current tax:		
PRC Enterprise Income Tax	**—**	314,448
Deferred tax:		
Current year	**(524,131)**	(443,712)
Total income tax credit recognised in profit or loss	**(524,131)**	(129,264)

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

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Company and its Hong Kong subsidiaries did not have any assessable profits for the year (2012: Nil).

The provision for PRC Enterprise Income Tax is calculated at 25% (2012: 25%) 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.

8. (LOSS)/PROFIT FOR THE YEAR

	2013	2012
(Loss)/profit for the year has been arrived at after charging/(crediting):		
Gross rental income from investment properties	**(1,267,987)**	(1,340,803)
Less: Direct operating expenses incurred for investment properties that generated rental income during the year	**47,782**	65,199
	(1,220,205)	(1,275,604)
Employee benefits expense (including directors' remunerations):		
Salaries and other benefits	**6,801,180**	6,484,472
Contributions to retirement benefits schemes	**531,669**	463,408
	7,332,849	6,947,880
Depreciation of hotel property	**2,449,064**	2,449,064
Depreciation of other property, plant and equipment	**511,921**	650,298
	2,960,985	3,099,362
Amortisation of prepaid lease payment	**1,874,007**	1,874,007
Total depreciation and amortisation	**4,834,992**	4,973,369
Auditors' remuneration	**530,000**	530,000
Cost of inventories recognised as other operating expenses	**30,408**	22,437
Share of tax of an associate (included in share of profit of an associate)	**401,846**	419,575

9. (LOSS)/EARNINGS PER SHARE

The calculation of the basic and diluted (loss)/earnings per share for the year ended 31 December 2013 is based on the Group's loss attributable to the owners of the Company of HK$5,648,754 (2012: profit of HK$1,551,443) and on the weighted average number of 534,240,000 (2012: 534,240,000) ordinary shares in issue during the year.

10. TRADE AND OTHER RECEIVABLES

	2013	2012
Trade receivables	**181,762**	395,217
Less: Allowance for doubtful debts	**(92,657)**	(84,237)
	89,105	310,980
Other receivables, utility deposits and prepayments	**18,086,736**	17,586,299
Less: Allowance for doubtful debts	**(16,891,246)**	(16,310,936)
	1,195,490	1,275,363
Total trade and other receivables	**1,284,595**	1,586,343

The Group allows an average credit period of 45 days to its trade customers. The following is an aged analysis of trade receivables net of allowance for doubtful debt presented based on the invoice dates at the end of the reporting period, which approximated the respective revenue recognition dates:

	Group	
	2013	2012
Current to six months	**59,053**	310,980
Over six months and within one year	**25,243**	—
Over one year	**4,809**	—
	89,105	310,980

Included in the Group's trade receivable balances are debtors with aggregate amount of HK$30,052 (2012: Nil) which are past due as at the end of 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 (2012: 45 days).

10. TRADE AND OTHER RECEIVABLES (continued)

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.

Ageing of trade receivables which are past due but not impaired:

	2013	2012
Neither past due nor impaired	**59,053**	310,980
Past due but not impaired		
Over six months and within one year	**25,243**	—
Over one year	**4,809**	—
	89,105	310,980

Movement in the allowance for doubtful debts on trade receivables is as follows:

	2013	2012
Balance at beginning of year	**84,237**	249,662
Impairment loss recognised on trade receivables	**6,616**	3,204
Amounts written off as uncollectible	**—**	(172,278)
Foreign exchange translation gains	**1,804**	3,649
Balance at end of year	**92,657**	84,237

Movement in the allowance for doubtful debts on other receivables is as follows:

	2013	2012
Balance at beginning of year	**16,310,936**	12,914,593
Impairment loss recognised on other receivables	**306,820**	3,193,039
Amounts written off as uncollectible	**—**	(38,323)
Impairment losses reversed	**(62,664)**	—
Foreign exchange translation gains	**336,154**	241,627
Balance at end of year	**16,891,246**	16,310,936

10. TRADE AND OTHER RECEIVABLES (continued)

Included in the allowances for doubtful debts are individually impaired trade receivables and other receivables with balances of HK$92,657 and HK$16,891,246 (2012: HK$84,237 and HK$16,310,936) respectively. The individually impaired receivables related to customers that were in financial difficulties or in dispute and the management assessed that the recovery of the amounts is doubtful. The Group does not hold any collateral over these balances.

An aged analysis of impaired trade and other receivables is as follows:

	Group		Company	
	2013	2012	**2013**	2012
Over six months and within one year	**295,508**	3,203,708	**—**	—
Over one year	**16,688,395**	13,191,465	**—**	—
	16,983,903	16,395,173	**—**	—

11. TRADE AND OTHER PAYABLES

	2013	2012
Trade payables	**779,311**	1,076,180
Other payables	**5,875,177**	5,272,727
Total trade and other payables	**6,654,488**	6,348,907

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2013	2012
Current to six months	**7,021**	243,335
Over six months and within one year	**38,073**	3,134
Over one year	**734,217**	829,711
	779,311	1,076,180

The average credit period is 45 days.

12. SHARE CAPITAL

	2013 Number of shares	2013 HK$	2012 Number of shares	2012 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 and end of year	**534,240,000**	**66,780,000**	534,240,000	66,780,000

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the year ended 31 December 2013, the Group recorded net loss attributable to shareholders was approximately HK$5.65 million (2012: profit approximately HK$1.55 million). The loss was mainly due to the much lower gains arising on change in fair value of investment properties for the year 2013 when compared to the corresponding financial year as well as the termination of the management contract over the operation right of Group's Hotel on 9 October 2012 and the Group no longer enjoys the income from granting the management right of the Group's Hotel during the year under review. The net effect of the decrease approximately HK$4.33 million in gain arising on change in fair value of investment properties as compared with the correspondence period last year. On the other hand, the Group had received approximately HK$4.34 million from granting the management right for the operation of the hotel for the year ending 31 December 2012.

The turnover of the Group for the year ended 31 December 2013 amounted to approximately HK$12.67 million, representing an decrease by approximately 15.65% as compared to approximately HK$15.02 million in the previous year. The decrease is mainly due to the decrease in business volume of star-rated hotel during the year under review.

Given our strong balance sheet status and cash generation ability, our financial position continues to be strong. For the year ended 31 December 2013, the gearing ratio (divided non-current liabilities by equity plus non-current liabilities multiple by 100 which results in percentage) of the Group was 3.95% (2012: 4.15%).

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 2013, turnover of the hotel was approximately HK$11.40 million (2012: HK$13.68 million), representing a decrease of approximately 16.67% from the corresponding financial year.

For the year under review, the occupancy rate was approximately 30.06% (2012: 43.90%) representing a decrease of 31.53% over the previous year. Average daily rate (ADR) was approximately RMB282 (2012: RMB238) representing an increase of 15.60% over the corresponding financial year.

As previously reported, the management contract was subsequently terminated on 9 October 2012 due to default in payment and the hotel has been operated by the Group since 10 October 2012. As such, the Group no longer enjoys the Guaranteed Income Level and any profit or loss generated from the operation of the Hotel has to be borne by the Group. The Group had received approximately HK$4.34 million from granting the management right of the Group's Hotel for the year ending 31 December 2012 before the termination of the Management Contract.

Operational Review (Continued)

A. *Star-rated hotel operation* *(continued)*

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 2013, together with comparative figures of 2012:

	31 December 2013		31 December 2012	
	HK$ in thousand	***% in turnover***	*HK$ in thousand*	*% in turnover*
Accommodation revenue	**9,463**	**83%**	11,390	83%
Rental revenue	**1,935**	**17%**	2,286	17%
	11,398	**100%**	13,676	100%

Accommodation revenue

The accommodation revenue was mainly determined by the number of available rooms, occupancy rate and ADR of the Group's hotels. During the year under review, the accommodation revenue of star-rated hotels was approximately HK$9.46 million, representing a decrease of approximately 16.92% over the corresponding period of 2012 or a reduction of 18.52% when the appreciation of Renminbi is excluded. It was mainly due to the further intensified competition among star-rated hotels, oversupply in the industry and the functional obsolescence, all of which directly affected the accommodation revenue of star-rated hotels of the interior facility.

Rental revenue

In order to stabilize the income of the hotel operation, the hotel let out the shopping centre in the Group's hotel. This contributed to approximately HK$1.94 million in rental revenue during the year under review, representing an decrease of approximately 15.35% over the corresponding period of 2012.

Increasing costs arising from the operating environment especially from increasing wages remains the key challenge for the hotel industry. To overcome these adversities, the Group will continue to implement tight cost control measures and seek further improvement in operational efficiency to minimize the adverse impacts. On the other hand, the Group plans to spend approximately HK$10 million on upgrading the interior facility by mid-2014.

Operational Review (continued)

B. Hong Kong properties held by the Group

The occupancy rate for the properties of the Group in Hong Kong is nearly full during the year under review, which brought a steady rental income to the Group.

For the year ended 31 December 2013, the rental income of properties in Hong Kong was approximately HK$1.26 million, while the rental income was approximately HK$1.34 million in the corresponding period of 2012. The decrease is mainly due to the disposal of correspondence property at the mid-of-2012.

With the support of the strong local economy and as most of the existing tenancy contracts of the Group's properties will only expire after 2013, it is expected the rental income in 2014 will not charge significantly.

C. Piano manufacturing

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

FUTURE DEVELOPMENT

The economic outlook of Hong Kong and Mainland in the year 2014 is anticipated to remain challenging as affected by global external factors. The uncertainty in the timing of the exit of the US from quantitative easing monetary policies will continue to add pressure on purchasing power of consumers. The uncertainties and slowdown in mainland macro-economic growth coupled with cyclical oversupply in the hotel industry will continue to have an adverse impact on the operating environment of our core business.

Notwithstanding the aforesaid, the Group will adjust the business strategies, exercise cost control measures where appropriate to maintain stable profit margins and seek to enhance our overall return on assets and corporate value.

The Group will continue to pursue long-term business growth objectives, and take steps to align business strategies with future expansion plans and long-term growth with prudent capital and funding management in meeting the challenges ahead.

Barring unforeseen circumstances, the Group expects to register growth in its businesses and financial performance. The Group is also committed to fostering a healthy and strong corporate culture to enhance the Group's cohesiveness with shared vision and values by every staff in the Group.

FINANCIAL REVIEW

Capital structure

As at 31 December 2013, the total issued share capital of the Company was HK$66,780,000 divided into 534,240,000 ordinary shares of HK$0.125 each.

Liquidity and Financial Resources

As at 31 December 2013, the Group had a net cash balance of approximately HK$14.02 million (2012: HK$46.41 million). The Group's net asset value (assets less liabilities) was approximately HK$135.82 million (2012: HK$140.97 million), with a liquidity ratio (ratio of current assets to current liabilities) of 6.67 (2012: 7.25). 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 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 the foreseeable future.

Charge on Assets

As at 31 December 2013, the Group has not charged any of its assets.

Exposure to fluctuation in exchange rate and related hedges

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.

Substantial Acquisition and Disposals

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

Contingent Liability

The Group did not have any significant contingent liability during the year.

Major Events

As at 31 December 2013, the Group had no material capital commitments and no future plans for material investments or capital assets.

FINANCIAL REVIEW (CONTINUED)

Human Resources

As at 31 December 2013, the Group had approximately 94 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 2013. The Directors do not recommend the payment of a dividend for the year ended 31 December 2013.

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 2013.

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 2013.

INVESTMENT PROPERTIES

At 31 December 2012, 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$34.57 million.

Particulars of investment property interests held by the Group at 31 December 2013 are as follows:

Investment properties	**Leasehold expiry**	**Gross floor area** *(square feet)*	**Year of completion**	**Group's attributable interest**
Hong Kong				
Commercial				
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%
Others				
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%

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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 leads to the success of the Company and balances 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.

Save as disclosed below, the Company had fully complied throughout the year 2013 with the applicable provisions in the Corporate Governance Code (the "Code") set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE (CONTINUED)

Code provision A.6.7 of the Code also requires that non-executive directors should give the board on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance. Mr. YE Tao, a non-executive Directors, did not attend board meetings during the year due to his engagement in his own business.

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.

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 Code of conduct regarding the standard for securities transactions. Printed copies of the Model Code have been distributed to each Director and relevant employees of the Group as stipulated therein. Having made specific enquires of all Directors, 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 2013 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 2013. 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 2013 as set out in this announcement have been agreed by the Group's auditors, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by HLB Hodgson Impey Cheng Limited 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 HLB Hodgson Impey Cheng Limited 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, 25 March 2014

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.