FUJIAN HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00181)

ANNOUNCEMENT
INTERIM RESULTS FOR THE PERIOD ENDED 30 JUNE 2014

FINANCIAL HIGHLIGHT

	Six months ended 30 June 2014	Six months ended 30 June 2013
• Revenue	**HK$5,244,255**	HK$6,255,899
• Loss attributable to the equity holders of the Company	**(HK$4,783,320)**	(HK$3,667,075)
• Loss per share		
— Basic *(HK cents per Share)*	**(0.9)**	(0.7)
— Diluted *(HK cents per Share)*	**N/A**	N/A

RESULTS

The Board of Directors (the "Board") of Fujian Holdings Limited (the "Company") hereby present the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2014 (the "Period") together with the unaudited comparative figures for the corresponding period in 2013 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period from 1 January 2014 to 30 June 2014 (in HK Dollars)

	Note	**30 June 2014 (Unaudited)**	30 June 2013 (Unaudited)
Revenue	*3*	**5,244,255**	6,255,899
Other income	*5*	**276,803**	188,890
Other gains and losses	*6*	**502,404**	1,030,940
Employee benefit expenses		**(3,340,812)**	(3,519,419)
Depreciation		**(1,389,143)**	(1,476,914)
Amortisation of prepaid lease payment		**(937,003)**	(937,003)
Share of profit of an associate		**194,303**	190,330
Other operating expenses		**(5,369,839)**	(5,596,913)
Loss before tax	*7*	**(4,819,032)**	(3,864,190)
Income tax credit	*8*	**35,712**	197,115
Loss for the period		**(4,783,320)**	(3,667,075)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		**(86,796)**	117,233
Other comprehensive income for the period, net of tax		**(86,796)**	117,233
Total comprehensive income for the period		**(4,870,116)**	(3,549,842)
Loss for the period attributable to the owners of the Company		**(4,783,320)**	(3,667,075)
Total comprehensive income for the period attributable to the owners of the Company		**(4,870,116)**	(3,549,842)
Loss per share			
— Basic and diluted (in HK cents)	*9*	**(0.9)**	(0.7)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2014 (in HK Dollars)

	Note	**30 June 2014 (Unaudited)**	31 December 2013 (Audited)
Non-current assets			
Property, plant and equipment	*11*	**29,198,040**	30,556,075
Prepaid lease payment	*12*	**21,394,906**	22,331,909
Investment properties	*13*	**34,570,000**	34,570,000
Interest in an associate		**14,523,835**	14,329,531
Deferred tax assets		**1,894,269**	1,894,269
		101,581,050	103,681,784
Current assets			
Inventories	*14*	**80,558**	105,359
Trade and other receivables	*15*	**2,971,162**	1,284,595
Financial assets designated as at fair value though profit or loss	*16*	**25,179,404**	28,960,480
Bank balances and cash		**13,208,537**	14,019,944
		41,439,661	44,370,378
Current liabilities			
Trade and other payables	*17*	**6,528,865**	6,654,488
		6,528,865	6,654,488
Net current assets		**34,910,796**	37,715,890
Total assets less current liabilities		**136,491,846**	141,397,674
Capital and reserves			
Equity attributable to owners of the Company			
Share capital	*18*	**66,780,000**	66,780,000
Reserves		**64,168,433**	69,038,549
Total equity		**130,948,433**	135,818,549
Non-current liabilities			
Deferred tax liabilities		**5,543,413**	5,579,125
		5,543,413	5,579,125
		136,491,846	141,397,674

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period from 1 January 2014 to 30 June 2014 (in HK Dollars)

	Attributable to owners of the Company				
	Share capital *(Note 18)*	**Share premium**	**Translation reserve**	**Accumulated losses**	**Total**
At 1 January 2014 (audited)	**66,780,000**	**576,659,713**	**(5,743,418)**	**(501,877,746)**	**135,818,549**
Loss for the period	**—**	**—**	**—**	**(4,783,320)**	**(4,783,320)**
Other comprehensive income for the period	**—**	**—**	**(86,796)**	**—**	**(86,796)**
Total comprehensive income for the period	**—**	**—**	**(86,796)**	**(4,783,320)**	**(4,870,116)**
At 30 June 2014 (unaudited)	**66,780,000**	**576,659,713**	**(5,830,214)**	**(506,661,066)**	**130,948,433**

	Attributable to owners of the Company				
	Share capital *(Note 18)*	Share premium	Translation reserve	Accumulated losses	Total
At 1 January 2013 (audited)	66,780,000	576,659,713	(6,244,908)	(496,228,992)	140,965,813
Loss for the period	—	—	—	(3,667,075)	(3,667,075)
Other comprehensive income for the period	—	—	117,233	—	117,233
Total comprehensive income for the period	—	—	117,233	(3,667,075)	(3,549,842)
At 30 June 2013 (unaudited)	66,780,000	576,659,713	(6,127,675)	(499,896,067)	137,415,971

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 January 2014 to 30 June 2014 (in HK Dollars)

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2014 (the "Interim Financial Statements") have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Interim Financial Statements do not include all of the information required in annual financial statements in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which collective term includes all applicable individual Hong Kong Financial Reporting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA")), and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2013.

2. PRINCIPAL ACCOUNTING POLICIES

The interim 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.

Except as described below, the accounting policies and methods of calculation used in the condensed consolidated interim financial information for the six months ended 30 June 2014 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2013.

In the current interim period, the Group has applied the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC)-Int 21	Levies

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle[1]
HKFRS 9	Financial Instruments[2]
HKFRS 14	Regulatory Deferral Accounts[3]
Amendments to HKFRS 11	Accounting for Acquisition of interests in joint Operations[3]
HKFRS 15	Revenue from Contracts with Customers[4]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[3]
Amendments to HKAS 19	Defined Benefit Plans — Employee Contributions[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptance Methods of Depreciation and Amortisation[3]

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

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

3 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

4 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

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 People's Republic of China (the "PRC"). An analysis of the Group's revenue is as follows:

	30 June 2014 (Unaudited)	30 June 2013 (Unaudited)
Gross rental income from letting of investment properties	**646,515**	637,914
Revenue from hotel operations	**4,597,740**	5,617,985
	5,244,255	6,255,899

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 and operating segments:

	Property investment		Hotel operations		Consolidated	
	30 June 2014 (Unaudited)	30 June 2013 (Unaudited)	**30 June 2014 (Unaudited)**	30 June 2013 (Unaudited)	**30 June 2014 (Unaudited)**	30 June 2013 (Unaudited)
REVENUE						
Revenue from external customers	**646,515**	637,914	**4,597,740**	5,617,985	**5,244,255**	6,255,899
Segment profit/(loss) before depreciation amortisation and others	**607,152**	596,903	**(933,382)**	(277,583)	**(326,230)**	319,320
Depreciation	**—**	—	**(1,345,791)**	(1,433,051)	**(1,345,791)**	(1,433,051)
Amortisation	**—**	—	**(937,003)**	(937,003)	**(937,003)**	(937,003)
Segment result	**607,152**	596,903	**(3,216,176)**	(2,647,637)	**(2,609,024)**	(2,050,734)
Unallocated income					**584,888**	1,190,105
Central administration costs					**(2,989,199)**	(3,193,891)
Share of profit of associate					**194,303**	190,330
Loss before tax					**(4,819,032)**	(3,864,190)
Income tax credit					**35,712**	197,115
Loss for the period					**(4,783,320)**	(3,667,075)

Segment revenue as reported above represents revenue generated from external customers. There were no inter-segment sales in the current period (30 June 2013: 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	
	30 June 2014 (Unaudited)	31 December 2013 (Audited)	**30 June 2014 (Unaudited)**	31 December 2013 (Audited)	**30 June 2014 (Unaudited)**	31 December 2013 (Audited)
Assets						
Segment assets	**43,902,774**	46,266,760	**60,812,653**	53,795,211	**104,715,427**	100,061,971
Interest in associate					**14,523,835**	14,329,531
Unallocated corporate assets					**23,781,449**	33,660,660
Consolidated total assets					**143,020,711**	148,052,162
Liabilities						
Segment liabilities	**(1,184,759)**	(907,027)	**(5,344,106)**	(4,172,461)	**(6,528,865)**	(5,079,488)
Unallocated corporate liabilities					**(5,543,413)**	(7,154,125)
Consolidated total liabilities					**(12,072,278)**	(12,233,613)

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.

Other segment information

	Property investment		Hotel operations		Consolidated	
	30 June 2014 (Unaudited)	30 June 2013 (Unaudited)	**30 June 2014 (Unaudited)**	30 June 2013 (Unaudited)	**30 June 2014 (Unaudited)**	30 June 2013 (Unaudited)
Other information						
Segment depreciation	**—**	—	**1,345,790**	1,433,051	**1,345,790**	1,433,051
Unallocated depreciation	**—**	—	**43,353**	43,863	**43,353**	43,863
	—	—	**1,389,143**	1,476,914	**1,389,143**	1,476,914
Amortisation of prepaid lease payment	**—**	—	**937,003**	937,003	**937,003**	937,003

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 by geographical location are detailed below:

	Hong Kong		**PRC**		**Consolidated**	
	30 June 2014 (Unaudited)	30 June 2013 (Unaudited)	**30 June 2014 (Unaudited)**	30 June 2013 (Unaudited)	**30 June 2014 (Unaudited)**	30 June 2013 (Unaudited)
Revenue from external customers	**646,515**	637,914	**4,597,740**	5,617,985	**5,244,255**	6,255,899

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 2014 (Unaudited)	31 December 2013 (Audited)
Assets located in		
— PRC	**66,873,903**	67,050,188
— Hong Kong	**34,707,147**	36,631,596
	101,581,050	103,681,784

5. OTHER INCOME

	30 June 2014 (Unaudited)	30 June 2013 (Unaudited)
Bank interest income	**107,951**	150,322
Others	**168,852**	38,568
	276,803	188,890

6. OTHER GAINS AND LOSSES

	30 June 2014 (Unaudited)	30 June 2013 (Unaudited)
Gain arising on change in fair value of financial assets designated at fair value through profit or loss	**722,745**	729,404
Net foreign exchange (losses)/gains	**(220,341)**	301,536
	502,404	1,030,940

7. LOSS BEFORE TAX

	30 June 2014 (Unaudited)	30 June 2013 (Unaudited)
Loss for the period has been arrived at after charging/(crediting):		
Gross rental income from investment properties	**(646,515)**	(637,914)
Less: Direct operating expenses that generated rental income during the period	**39,363**	41,011
	(607,152)	(596,903)
Depreciation of hotel property	**1,224,531**	1,224,531
Depreciation of other property, plant and equipment	**164,612**	252,383
	1,389,143	1,476,914
Amortisation of prepaid lease payment	**937,003**	937,003
Total depreciation and amortisation	**2,326,146**	2,413,917
Salaries and other benefits (including directors' remunerations)	**3,104,511**	3,224,918
Retirement benefit scheme contributions	**236,301**	294,501
Staff costs	**3,340,812**	3,519,419
Share of tax of an associate (included in share of profit of an associate)	**53,437**	63,911

8. INCOME TAX CREDIT

	30 June 2014 (Unaudited)	30 June 2013 (Unaudited)
Deferred tax		
Current period	**35,712**	197,115
Income tax credit	**35,712**	197,115

Hong Kong Profits Tax is calculated at 16.5% (30 June 2013: 16.5%) of the estimated assessable profit for the period.

No provision for Hong Kong Profits Tax has been made in the unaudated 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 2013: Nil).

The PRC Enterprise Income Tax is calculated 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.

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 losses attributable to the equity holders of the Company of HK$4,783,320 (30 June 2013: HK$3,667,075), and the weighted average number of 534,240,000 (30 June 2013: 534,240,000) ordinary shares in issue during the period.

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

10. INTERIM DIVIDEND

The Board has resolved not to recommend the payment of an interim dividend for the Period (30 June 2013: Nil).

11. PROPERTY, PLANT AND EQUIPMENT

	Hotel property (Unaudited)	Furniture and fixtures (Unaudited)	Leasehold improvements (Unaudited)	Plant, machinery and equipment (Unaudited)	Total (Unaudited)
At cost					
At 1 January 2013 (audited)	92,391,462	2,379,252	6,833,748	3,821,962	105,426,424
Additions	—	1,540	—	107,710	109,250
Disposal and write-off	—	(44,859)	—	(44,302)	(89,161)
Exchange adjustments	—	47,674	135,133	75,059	257,866
At 31 December 2013 and 1 January 2014 (audited)	92,391,462	2,383,607	6,968,881	3,960,429	105,704,379
Additions	—	18,000	—	29,190	47,190
Written off	—	(121,553)	—	(2,688)	(124,241)
Exchange adjustments	—	(18,725)	(53,985)	(30,624)	(103,334)
As at 30 June 2014	92,391,462	2,261,329	6,914,896	3,956,307	105,523,994
Depreciation and impairment					
At 1 January 2013 (audited)	60,757,723	2,329,297	5,916,817	2,506,728	71,510,565
Provided for the year	2,449,064	10,838	222,955	278,128	2,960,985
Eliminated on disposal and write-off	—	(44,837)	—	(30,181)	(75,018)
Impairment loss recognised in profit or loss	—	—	531,506	—	531,506
Exchange adjustments	—	47,031	121,747	51,488	220,266
At 31 December 2013 and 1 January 2014 (audited)	63,206,787	2,342,329	6,793,025	2,806,163	75,148,304
Provided for the period	1,224,531	4,612	43,965	116,035	1,389,143
Eliminated on written off	—	(115,422)	—	(2,413)	(117,835)
Exchange adjustments	—	(18,501)	(53,379)	(21,778)	(93,658)
As at 30 June 2014	64,431,318	2,213,018	6,783,611	2,898,007	76,325,954
Net carrying amounts					
As at 30 June 2014	**27,960,144**	**48,311**	**131,285**	**1,058,300**	**29,198,040**
As at 31 December 2013 (audited)	29,184,675	41,278	175,856	1,154,266	30,556,075

12. PREPAID LEASE PAYMENT

Group

COST	
At 1 January 2013, 31 December 2013 and 30 June 2014	86,000,000
AMORTISATION AND IMPAIRMENT	
At 1 January 2013	61,794,084
Amortisation for the year	1,874,007
At 31 December 2013	63,668,091
Amortisation for the period	937,003
At 30 June 2014	64,605,094
NET CARRYING AMOUNT	
At 30 June 2014	**21,394,906**
At 31 December 2013	22,331,909

Notes:

(i) Pursuant to the terms of a joint venture agreement signed between the Xiamen Railway Department Company Limited ("Railway Department") and Yan Hei, both parties have agreed to establish a sino-foreign co-operative joint venture enterprise known as Xiamen Plaza, an indirect wholly owned subsidiary of the Company to operate and manage the Hotel. The land use rights of the Hotel have been granted to the joint venture partner and Xiamen Plaza is vested with the land use rights of the Hotel throughout the operation period of Xiamen Plaza.

(ii) The Group's prepaid lease payment is a leasehold land situated in the Xiamen and held under medium-term lease.

13. INVESTMENT PROPERTIES

Group

FAIR VALUE	
At 31 December 2013 and at 30 June 2014	34,570,000

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purpose are measured using the fair value model and are classified and accounted for as investment properties.

The fair value of the Group's investment properties at 31 December 2013 have been arrived at on the basis of a valuation carried out at that date by Norton Appraisals Limited, independent qualified professional valuer not connected with the Group.

Details of the Group's investment properties and information about the fair value hierarchy as at 30 June 2014 are as follows:

	Level 2	**Level 3**	**Fair value as at 30 June 2014**
Commercial property units located in Hong Kong	—	34,150,000	34,150,000
Parking space located in Hong Kong	420,000	—	420,000
	420,000	34,150,000	34,570,000

There were no transfers into or out of Level 3 during the Period.

The fair value of investment properties shown above are situated on:

	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Land and building in Hong Kong:		
Medium-term lease	**34,570,000**	34,570,000

All of the Group's property interests held under operating leases to earn rentals are measured using the fair value model and are classified and accounted for as investment properties.

At 30 June 2014, the Directors estimated the carrying amounts of the investment properties do not differ significantly from that which would be determined using fair values on 31 December 2013 and maintain consistency. Consequently, no fair value gains or loss have been recognised in the current period.

14. INVENTORIES

	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Consumables	**80,558**	105,359

15. TRADE AND OTHER RECEIVABLES

	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Trade receivables	**355,978**	181,762
Less: Allowance for doubtful debts	**(98,168)**	(92,657)
	257,810	89,105
Other receivables, utility deposits and prepayments	**19,094,803**	18,086,736
Less: Allowance for doubtful debts	**(16,381,451)**	(16,891,246)
	2,713,352	1,195,490
Total trade and other receivables	**2,971,162**	1,284,595

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 2014 (Unaudited)	31 December 2013 (Audited)
Current to six months	**254,152**	59,053
Over six months and within one year	**3,658**	25,243
Over one year	**—**	4,809
	257,810	89,105

The average credit period on rendering services is 45 days.

16. FINANCIAL ASSETS DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")

	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Unlisted investment:		
Designated as at fair value through profit or loss	**25,179,404**	28,960,480

During the period, the Group entered into several contracts of structured deposits with banks. The structured deposits contain embedded derivatives which were not closely related to the host contract. The entire combined contract have been designated as at financial assets at FVTPL on initial recognition.

In the opinion of the Directors, the fair value of the financial assets at 30 June 2014 approximated their principal amounts, and the fair value of the embedded derivatives is insignificant. At the date the interim financial statements are authorized for issue, all financial assets mentioned-above have been matured, their principal amounts together with the expected returns received by the Group when the structured deposits mature.

17. TRADE AND OTHER PAYABLES

	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Trade payables	**699,249**	779,311
Other payables	**5,829,616**	5,875,177
Total trade and other payables	**6,528,865**	6,654,488

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

	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Current to six months	**32,705**	7,021
Over six months and within one year	**—**	38,073
Over one year	**666,544**	734,217
	699,249	779,311

The average credit period is 45 days.

18. SHARE CAPITAL

	30 June 2014 (Unaudited)		31 December 2013 (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

19. PENDING LITIGATION

(i) At 30 June 2014, Xiamen Plaza is a defendant in a pending litigation arising from the balance due and interest payable to Sunshine Group of RMB268,716, equivalent to approximately HK$341,000. The directors of the Company consider that Xiamen Plaza has a good defense against such claims and no provision has been made in the consolidated financial statements.

(ii) Pursuant to the terms of the agreement dated 4 March 2008 (the "Management Contract") entered into by and between Xiamen Plaza, an indirectly wholly owned subsidiary of the Company, and 廈門敦睦酒店管理有限公司 (Xiamen Friendship International Co., Ltd) ("Friendship International"), Friendship International was granted the operation right of the hotel for a term of five years starting from 4 March 2008.

The Management Contract was terminated on 9 October 2012 due to default in payment by Friendship International.

At 30 June 2014, Xiamen Plaza is a plaintiff in a pending litigation arising from the liability from the breach of contract from Friendship International of approximately RMB10,727,000, equivalent to approximately HK$13,614,000. The directors of the Company consider that Xiamen Plaza has a solid legal ground worked in his favour.

20. COMPARATIVE FIGURES

With a review of financial statements presentation, certain items in the financial statements were reclassified which would result in a more appropriate presentation of events or transactions. Accordingly, comparative figures have been reclassified to conform to the current period's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULT

The turnover of the Group for the six months ended 30 June 2014 amounted to approximately HK$5.24 million, representing a decrease of approximately 16.3% as compared to approximately HK$6.26 million in the corresponding period last year. The decrease was mainly due to the decrease in the revenue from hotel operation for the period under review.

For the six months ended 30 June 2014, the gearing ratio (divide non-current liability by equity plus non-current liabilities multiple by 100 which results in percentage) of the Group was 4.23% (31 December 2013: 3.95%).

For the six months ended 30 June 2014, the net loss attributable to shareholders was approximately HK$4.78 million (2013: HK$3.67 million). Loss per share was approximately 0.9 HK cent for the six months ended 30 June 2014.

OPERATIONAL REVIEW

a. Star-rated Hotel Operation

Star-rated hotel operation is the main source of revenue for the Group. For the six months ended 30 June 2014, turnover of the hotel was approximately HK$4.60 million (30 June 2013: HK$5.62 million), representing a decrease of approximately 18.1% from the corresponding financial period.

For the period under review, the occupancy rate was approximately 33% (30 June 2013: 30%), representing an increase approximately 10% from the corresponding period of last year. Average daily rate (ADR) was approximately RMB205 (30 June 2013: RMB282) representing an decrease of 27% over the corresponding period.

The following table sets out the amount and percentage of contributions from different businesses of the star-rated hotel operation for the six months ended 30 June 2014, together with comparative figures of 2013:

	30 June 2014		30 June 2013	
	HK$ in thousand	***% in turnover***	*HK$ in thousand*	*% in turnover*
Accommodation revenue	**3,714**	**81%**	4,642	83%
Rental revenue	**884**	**19%**	976	17%
	4,598	**100%**	5,618	100%

Accommodation revenue

Revenue loss was due to the fierce competition, the obsolete interior facilities and affected by the construction of new railway projects. The accommodation revenue amounted to approximately HK$3.71 million for the period under review, representing a decrease of approximately 20% over the last period.

Rental revenue

In order to stabilize the income of the hotel operation, the Group let out the restaurant facilities and shopping arcades in hotel. The leasing contributed to approximately HK$0.89 million in rental revenue during the period for the Group.

As previously reported, in our efforts to continually enhance service experience for our customers, a comprehensive upgrading program for the hotel has been scheduled. Both the repair and maintenance of the building and product enhancement will take place in various phases; commencing on July and expect to be completed in September 2014. Meanwhile, the Group will continue to implement tight cost control measures and seek further improvement in operational efficiency to improve the profitability of the hotel.

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 a steady rental income to the Group. For the six months ended 30 June 2014, the rental income of the properties in Hong Kong was approximately HK$0.65 million, while the Group recorded approximately HK$0.64 million for the corresponding period of last year.

With the support of the strong local economy, we are confident in delivering continued revenue growth in 2014. 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 a steady profit to the Group for these few years. For the six months ended 30 June 2014, the interest in Harmony Piano contributed approximately HK$0.19 million (30 June 2013: Approximately HK$0.19 million).

FUTURE DEVELOPMENT

The Group will closely monitor the changes in various marketing factors and actively adjust business strategies, improve its management capability and seeking investment opportunity in tourist related area in Fujian province, so as to achieving a long term, sustainable business and value to the Group.

2014 is expected to be a year of challenge and excitement to the Group. Following our strategic expansion plan, we are confident in meeting our goal and overcoming future challenges and staying positive regarding the performance of our Group in the medium to long term.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 30 June 2014, the Group had a net cash balance of approximately HK$13.21 million (31 December 2013: HK$14.02 million). The Group's net asset value (assets less liabilities) was approximately HK$130.95 million (31 December 2013: HK$135.82 million), with a liquidity ratio (ratio of current assets to current liabilities) of 6.35 (31 December 2013: 7.19). 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 Board do not expect the Company to experience any problem with liquidity and financial resources in the foreseeable future.

The Group did not have any borrowings during the period under review.

CAPITAL STRUCTURE OF THE GROUP

The Group's monetary assets, liabilities and transactions are principally denominated in Hong Kong dollars and Renminbi. Operating expenses incurred and revenue generated by the Group's subsidiary in the People's Republic of China (the "PRC") are mainly denominated in RMB and the revenue was mainly received in RMB. 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.

Total equity attributable to owners of the Company decreased by approximately HK$4.87 million to approximately HK$130.95 million as compared with approximately HK$ 135.82 million as at 31 December 2013.

As at 30 June 2014, the share capital of the Company is consisted of 534,240,000 ordinary shares of HK$0.125 each. Apart from the ordinary shares in issue, the Company did not have any alternative financing instruments.

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.

CHARGE ON ASSETS

As at 30 June 2014, the Group has not charged any of its assets.

SIGNIFICANT INVESTMENTS

Save as disclosed elsewhere under the section headed "Management Discussion and Analysis", the Group had no other significant investment held during the Period.

ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

The Group had no material acquisition and disposal of subsidiaries and affiliated companies during the Period.

CONTINGENT LIABILITY

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

HUMAN RESOURCES

As at 30 June 2014, the Group had approximately 84 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. The total staff costs, including director's emoluments, amounted to approximately HK$3.34 million for the six months ended 30 June 2014, which represents a decrease of 5% as compared to the same period of 2013. The Group's employment and remuneration policies remained the same as detailed in the Company's annual report for the year ended 31 December 2013.

CHANGES SINCE 31 DECEMBER 2013

There were no other significant changes in the Group's financial position or from the information disclosed under the section Management and Discussion and Analysis in the annual report for the year ended 31 December 2013.

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 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.

Save as disclosed below, the Company has fully complied throughout the period under review with the applicable code provisions in the Corporate Governance Code (the "CG Code") set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Code provision A.6.7 of the CG Code also requires that non-executive directors should regularly attend the board meeting of the Company. Mr. YE Tao, non-executive Directors did not attend the Board meetings during the period due to his engagement in his own official business. The Company will strengthen its planning process, by giving all Directors sufficient time to arrange their work in advance and providing any necessary support for their presence and participation in the meetings, so as to facilitate all Directors attending the Company's future meetings.

Save as the aforesaid and in the opinion of the Directors, the Company has met all code provisions as set out in the CG Code during the period ended 30 June 2014.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted Appendix 10 of the Listing Rules, the Model Code for Securities Transactions by Directors of Listed Issuers ("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 2014.

AUDIT COMMITTEE

The audit committee of the Company 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 (resigned on 30 June 2014, Mr. Ng Man Kung was appointed on 30 June 2014). Mr. Leung Hok Lim is the Chairman of the Audit Committee. The Audit Committee adopted the terms of in accordance with the Code issued by the Stock Exchange. The principal duties of the audit committee include the review and supervision of the Group's financial reporting process and internal controls. Two meetings have been held by the audit committee during the year under review. Each Committee meeting was provided with necessary financial information of the Group for consideration, review and assessment of major issues.

The audit committee has reviewed the interim result and the interim report for the six months ended 30 June 2014.

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 2014 was approved by the Board for issue on 20 August 2014.

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 2014 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 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.