FUJIAN HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00181)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

FINANCIAL HIGHLIGHT

	2014	2013
	HK$'000	*HK$'000*
Revenue	**10,688**	12,666
Loss attributable to owners of the Company	**(500)**	(5,649)
Loss per share		
Basic *(HK cents per share)*	**(0.09)**	(1.06)
Diluted *(HK cents per share)*	**(0.09)**	(1.06)

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 2014, together with the audited comparative figures for the year ended 31 December 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014 (in HK Dollars)

	Notes	**2014**	2013
Revenue	*3*	**10,688,328**	12,666,369
Other income	*5*	**3,718,278**	1,080,135
Other gains and losses	*6*	**7,375,416**	2,966,570
Employee benefits expense		**(7,786,530)**	(7,332,849)
Depreciation		**(2,865,300)**	(2,960,985)
Amortisation of prepaid lease payment		**(1,874,007)**	(1,874,007)
Share of profit of an associate		**1,605,866**	1,166,276
Other operating expenses		**(11,410,406)**	(11,884,394)
Loss before tax		**(548,355)**	(6,172,885)
Income tax credit	*7*	**47,905**	524,131
Loss for the year	*8*	**(500,450)**	(5,648,754)
Other comprehensive (expense)/income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(614,522)**	501,490
Other comprehensive (expense)/income for the year, net of income tax		**(614,522)**	501,490
Total comprehensive expense for the year		**(1,114,972)**	(5,147,264)
Loss per share			
Basic (HK cents per share)	*9*	**(0.09)**	(1.06)
Diluted (HK cents per share)	*9*	**(0.09)**	(1.06)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014 (in HK Dollars)

	Notes	**2014**	2013
Non-current assets			
Property, plant and equipment		**37,339,739**	30,556,075
Prepaid lease payment		**20,457,902**	22,331,909
Investment properties		**41,450,000**	34,570,000
Interest in an associate		**15,584,872**	14,329,531
Deferred tax assets		**1,894,269**	1,894,269
		116,726,782	103,681,784
Current assets			
Inventories		**2,118,162**	105,359
Trade and other receivables	*10*	**2,801,356**	1,284,595
Financial assets designated as at fair value through profit or loss		**–**	28,960,480
Bank balances and cash		**25,961,366**	14,019,944
		30,880,884	44,370,378
Current liabilities			
Trade and other payables	*11*	**7,372,869**	6,654,488
Net current assets		**23,508,015**	37,715,890
Total assets less current liabilities		**140,234,797**	141,397,674
Capital and reserves			
Equity attributable to owners of the Company			
Share capital	*12*	**643,439,713**	66,780,000
Reserves		**(508,736,136)**	69,038,549
Total equity		**134,703,577**	135,818,549
Non-current liabilities			
Deferred tax liabilities		**5,531,220**	5,579,125
		140,234,797	141,397,674

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, the collective term which includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants and accounting principles generally accepted in Hong Kong. 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. These consolidated financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance which concern the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap.32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that 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")

Amendments to HKFRSs and the new Interpretation that are mandatorily effective for the current year

The Group has applied for the first time in the current year the following amendments to HKFRSs and a new Interpretation:

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities

The Group has applied the amendments to HKFRS 10, HKFRS 12 and HKAS 27 *Investment Entities* for the first time in the current year. The amendments to HKFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

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

Amendments to HKFRSs and the new Interpretation that are mandatorily effective for the current year (continued)

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities (continued)

To qualify as an investment entity, a reporting entity is required to:

- obtain funds from one or more investors for the purpose of providing them with investment management services;

- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to HKFRS 12 and HKAS 27 to introduce new disclosure requirements for investment entities.

As the Company is not an investment entity (assessed based on the criteria set out in HKFRS 10 as at 1 January 2014), the application of the amendments has had no impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities

The Group has applied the amendments to HKAS 32 *Offsetting Financial Assets and Financial Liabilities* for the first time in the current year. The amendments to HKAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The amendments have been applied retrospectively. The Group has assessed whether certain of its financial assets and financial liabilities qualify for offset based on the criteria set out in the amendments and concluded that the application of the amendments has had no impact on the amounts recognised in the Group's consolidated financial statements.

Amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The Group has applied the amendments to HKAS 36 *Recoverable Amount Disclosures for Non-Financial Assets* for the first time in the current year. The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by HKFRS 13 *Fair Value Measurements*.

The application of these amendments has had no material impact on the disclosures in the Group's consolidated financial statements.

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

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[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle[4]
HKFRS 9	Financial Instruments[6]
HKFRS 14	Regulatory Deferral Accounts[3]
HKFRS 15	Revenue from Contracts with Customers[5]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[4]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[4]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[4]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

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

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

3 *Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.*

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

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

6 *Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.*

In addition, the annual report requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Company is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and will primarily only affect the presentation and disclosure of information in the consolidated financial statements.

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

	2014	2013
Gross rental income from letting of investment properties	**1,339,332**	1,267,987
Revenue from hotel operations	**9,348,996**	11,398,382
	10,688,328	12,666,369

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	
	2014	2013	**2014**	2013	**2014**	2013
REVENUE						
Revenue from external customers	**1,339,332**	1,267,987	**9,348,996**	11,398,382	**10,688,328**	12,666,369
RESULT						
Segment result before other gains and losses:	**1,162,514**	1,100,366	**(4,269,320)**	(5,856,315)	**(3,106,806)**	(4,755,949)
Gain arising on change in fair value of investment properties	**6,880,000**	1,920,000	**—**	—	**6,880,000**	1,920,000
Impairment loss recognised on property, plant and equipment	**—**	—	**—**	(531,506)	**—**	(531,506)
Segment result	**8,042,514**	3,020,366	**(4,269,320)**	(6,387,821)	**3,773,194**	(3,367,455)
Unallocated income					**1,274,686**	2,150,800
Central administration costs					**(7,202,101)**	(6,122,506)
Share of profit of an associate					**1,605,866**	1,166,276
Loss before tax					**(548,355)**	(6,172,885)
Income tax credit					**47,905**	524,131
Loss for the year					**(500,450)**	(5,648,754)

4. SEGMENT INFORMATION (continued)

Segment revenues and results (continued)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (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	
	2014	2013	**2014**	2013	**2014**	2013
ASSETS						
Segment assets	**48,191,222**	46,266,760	**81,845,336**	53,795,211	**130,036,558**	100,061,971
Interest in an associate					**15,584,872**	14,329,531
Unallocated corporate assets					**1,986,236**	33,660,660
Consolidated total assets					**147,607,666**	148,052,162
LIABILITIES						
Segment liabilities	**(912,794)**	(907,027)	**(6,454,075)**	(4,172,461)	**(7,366,869)**	(5,079,488)
Unallocated corporate liabilities					**(5,537,220)**	(7,154,125)
Consolidated total liabilities					**(12,904,089)**	(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. SEGMENT INFORMATION (continued)

Other segment information

	Property investment		Hotel operations		Consolidated	
	2014	2013	**2014**	2013	**2014**	2013
Other segment information						
Additions to non-current assets	**19,580**	12,760	**9,734,065**	96,490	**9,753,645**	109,250
Depreciation of property, plant and equipment	**87,755**	88,635	**2,777,545**	2,872,350	**2,865,300**	2,960,985
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	**(6,880,000)**	(1,920,000)	**—**	—	**(6,880,000)**	(1,920,000)
Loss on disposal and write-off of property, plant and equipment	**6,408**	3,007	**73,570**	11,136	**79,978**	14,143
Impairment loss recognised on trade receivables	**—**	—	**4,656**	6,616	**4,656**	6,616
Impairment loss recognised on other receivables	**—**	—	**15,273**	306,820	**15,273**	306,820
Impairment loss reversed on other receivables	**—**	—	**—**	(62,664)	**—**	(62,664)
Impairment loss recognised on property, plant and equipment	**—**	—	**—**	531,506	**—**	531,506

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	
	2014	2013	**2014**	2013
PRC	**9,348,996**	11,398,382	**73,312,436**	67,050,188
Hong Kong	**1,339,332**	1,267,987	**43,414,346**	36,631,596
	10,688,328	12,666,369	**116,726,782**	103,681,784

Information about major customers

No external customers of the Group contributed over 10% of the Group's revenue for the year ended 31 December 2014 and 2013.

5. OTHER INCOME

	2014	2013
Bank interest income	**177,160**	307,809
Waiver of trade and other payables	**2,526,035**	—
Others	**1,015,083**	772,326
	3,718,278	1,080,135

6. OTHER GAINS AND LOSSES

	2014	2013
Gain arising on change in fair value of investment properties	**6,880,000**	1,920,000
Gain arising on change in fair value of financial assets designated as at fair value through profit or loss	**1,097,526**	1,281,851
Impairment loss recognised on property, plant and equipment	**—**	(531,506)
Impairment loss recognised on trade receivables	**(4,656)**	(6,616)
Impairment loss recognised on other receivables	**(15,273)**	(306,820)
Impairment loss reversed on other receivables	**—**	62,664
Loss on disposal and written-off of property, plant and equipment	**(79,978)**	(14,143)
Net foreign exchange (losses)/gains	**(502,203)**	561,140
	7,375,416	2,966,570

7. INCOME TAX CREDIT

	2014	2013
Deferred tax:		
Current year	**(47,905)**	(524,131)
Total income tax credit recognised in profit or loss	**(47,905)**	(524,131)

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 (2013: Nil).

The provision for PRC Enterprise Income Tax is calculated at 25% (2013: 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 FOR THE YEAR

	2014	2013
Loss for the year has been arrived at after charging/(crediting):		
Gross rental income from investment properties	**(1,339,332)**	(1,267,987)
Less: Direct operating expenses incurred for investment properties that generated rental income during the year	**51,615**	47,782
	(1,287,717)	(1,220,205)
Employee benefits expense (including directors' remunerations):		
Salaries and other benefits	**7,213,949**	6,801,180
Contributions to retirement benefits schemes	**572,581**	531,669
	7,786,530	7,332,849
Depreciation of hotel property	**2,449,064**	2,449,064
Depreciation of other property, plant and equipment	**416,236**	511,921
	2,865,300	2,960,985
Amortisation of prepaid lease payment	**1,874,007**	1,874,007
Total depreciation and amortisation	**4,739,307**	4,834,992
Auditors' remuneration	**530,000**	530,000
Cost of inventories recognised as other operating expenses	**368,045**	30,408
Share of tax of an associate (included in share of profit of an associate)	**489,826**	401,846

9. LOSS PER SHARE

The calculation of the basic and diluted loss per share for the year ended 31 December 2014 is based on the Group's loss attributable to the owners of the Company of HK$500,450 (2013: HK$5,648,754) and on the weighted average number of 534,240,000 (2013: 534,240,000) ordinary shares in issue during the year.

10. TRADE AND OTHER RECEIVABLES

	2014	2013
Trade receivables	**479,783**	181,762
Less: Allowance for doubtful debts	**(77,854)**	(92,657)
	401,929	89,105
Other receivables, utility deposits and prepayments	**18,396,109**	18,086,736
Less: Allowance for doubtful debts	**(15,996,682)**	(16,891,246)
	2,399,427	1,195,490
Total trade and other receivables	**2,801,356**	1,284,595

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:

	2014	2013
Current to six months	**262,774**	59,053
Over six months and within one year	**139,155**	25,243
Over one year	**—**	4,809
	401,929	89,105

Included in the Group's trade receivable balances are debtors with aggregate amount of HK$139,155 (2013: 30,052) 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 (2013: 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:

	2014	2013
Neither past due nor impaired	**262,774**	59,053
Past due but not impaired		
Over six months and within one year	**139,155**	25,243
Over one year	**—**	4,809
	401,929	89,105

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

	2014	2013
Balance at beginning of year	**92,657**	84,237
Impairment loss recognised on trade receivables	**4,656**	6,616
Amounts written off as uncollectible	**(17,508)**	—
Foreign exchange translation (losses)/gains	**(1,951)**	1,804
Balance at end of year	**77,854**	92,657

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

	2014	2013
Balance at beginning of year	**16,891,246**	16,310,936
Impairment loss recognised on other receivables	**15,273**	306,820
Amounts written off as uncollectible	**(529,331)**	—
Impairment losses reversed	**—**	(62,664)
Foreign exchange translation (losses)/gains	**(380,506)**	336,154
Balance at end of year	**15,996,682**	16,891,246

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$77,854 and HK$15,996,682 (2013: HK$92,657 and HK$16,891,246) 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:

	2014	2013
Over six months and within one year	**19,929**	295,508
Over one year	**16,054,607**	16,688,395
	16,074,536	16,983,903

11. TRADE AND OTHER PAYABLES

	2014	2013
Trade payables	**1,340,417**	779,311
Other payables	**6,032,452**	5,875,177
Total trade and other payables	**7,372,869**	6,654,488

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

	2014	2013
Current to six months	**1,279,821**	7,021
Over six months and within one year	**—**	38,073
Over one year	**60,596**	734,217
	1,340,417	779,311

The average credit period is 45 days.

12. SHARE CAPITAL

	2014 Number of shares	**2014 HK$**	2013 Number of shares	2013 HK$
Authorised *(Note (i))*				
Ordinary shares of HK$0.125 each *(Note (ii))*	**—**	**—**	3,040,000,000	380,000,000
Issued and fully paid				
At 1 January	**534,240,000**	**66,780,000**	534,240,000	66,780,000
Transition to no-par value regime on 3 March 2014 *(Note(iii))*	**—**	**576,659,713**	—	—
	534,240,000	**643,439,713**	534,240,000	66,780,000

Notes:

(i) *Under the Hong Kong Companies Ordinance (Cap. 622), which commenced operation on 3 March 2014, the concept of authorized share capital no longer exists.*

(ii) *In accordance with section 135 of the Hong Kong Companies Ordinance (Cap. 622), the Company's shares no longer have a par or nominal value with effect from 3 March 2014. There is no impact on the number of shares in issue or the relative entitlement of any of the members as a result of this transition.*

(iii) *In accordance with the transitional provisions set out in section 37 of Schedule 11 to Hong Kong Companies Ordinance (Cap. 622), on 3 March 2014 any amount standing to the credit of the share premium account has become part of the Company's share capital.*

13. COMMITMENTS

	2014	2013
Commitments for the acquisition of property, plant and equipment	**2,293,000**	—

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the year ended 31 December 2014, the Group recorded net loss attributable to shareholders was approximately HK$0.5 million (2013: loss approximately HK$5.65 million). The reduction in loss was mainly due to the much higher gains arising on change in fair value of investment properties for the year 2014 when compared to the corresponding financial year. The net effect of the increase was approximately HK$4.96 million in gain arising on change in fair value of investment properties as compared with the correspondence period last year.

The turnover of the Group for the year ended 31 December 2014 amounted to approximately HK$10.69 million, representing an decrease by approximately 15.62% as compared to approximately HK$12.67 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 good balance sheet status and cash generation ability, our financial position continues to be strong. For the year ended 31 December 2014, the gearing ratio (divided non-current liabilities by equity plus non-current liabilities multiple by 100 which results in percentage) of the Group was 3.94% (2013: 3.95%).

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 2014, turnover of the hotel was approximately HK$9.35 million (2013: HK$11.40 million), representing a decrease of approximately 17.98% from the corresponding financial year.

For the year under review, the occupancy rate was approximately 35.77% (2013: 30.06%) representing an increase of 19.00% over the previous year. Average daily rate (ADR) was approximately RMB198 (2013: RMB282) representing a decrease of 29.79% over the corresponding financial year.

The following table sets out the amount and percentage of contributions from different businesses of the star-rated hotel operation for the year ended 31 December 2014, together with comparative figures of 2013:

	31 December 2014		31 December 2013	
	HK$ in thousand	**% in turnover**	HK$ in thousand	% in turnover
Accommodation revenue	**6,930**	**74%**	9,463	83%
Rental revenue	**1,724**	**18%**	1,935	17%
Catering	**695**	**8%**	—	—
	9,349	**100%**	11,398	100%

Operational Review (continued)

A. Star-rated hotel operation (continued)

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$6.93 million, representing a decrease of approximately 26.77% over the corresponding period of 2013. It was mainly due to the further intensified competition among star-rated hotels, oversupply in the industry, a comprehensive upgrading program for the hotel, and the construction of new railway project, 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$1.72 million in rental revenue during the year under review, representing a decrease of approximately 10.90% over the corresponding period of 2013.

Catering revenue

Starting from fourth season of 2014, the Group made a major effort to develop the catering business through the hotel; which generating revenue of approximately HK$0.7 million represented approximately 6.5% of the Group's turnover.

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. In the meantime, the Group spent approximately HK$10 million on upgrading the interior facility by mid-2014.

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 2014, the rental income of properties in Hong Kong was approximately HK$1.34 million, while the rental income was approximately HK$1.26 million in the corresponding year of 2013.

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 2014, it is expected the rental income in 2015 will not change significantly.

Operational Review (continued)

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 Board believes that the hotel business in Xiamen will contribute positively to the Group. As introduced above, the management has completed in decoration of the hotel and believes that the hotel will provide improved customer services and better hotel facilities in coming years, which is a core competitive advantage to seize the growth opportunity in local tourism and restaurant industry. The hotel management is enhancing sales force regarding wedding banquet, catering and related services as well.

The uncertainties in global economic recovery, slowdown in domestic macro-economic growth, structural oversupply in the hotel industry and the rapid development of information technology relating to the Mobile Internet will continue to affect the development of the Group's principal business. With the implementation of the "Several Opinions of the State Council on Promoting the Reform and Development of the Tourism Industry", the radiation effect of free trade zones in fujian Province, we can see bright future for the development of hotel and tourism industry in China sharing challenges and opportunities. Well-positioned to address these challenges and take these development opportunities, the Group remains fully confident in its future development.

The Group will seize the opportunity presented by the reform of state-owned assets to enhance its development towards a market-oriented corporation. We will advance reforms of our mechanisms and regimes and explore the introduction of a professional manger system. We will leverage our strengths in the Fujian Province and seek investment opportunities in tourist related areas and to integrate the industry chains of hotel and tourism. We will continue to improve the asset liquidity of the Company and further increase our overall asset return and enterprise value by converting and realigning our properties.

Financial Review

Capital structure

As at 31 December 2014, the total share capital of the Company was HK$643,439,713 divided into 534,240,000 ordinary shares.

Liquidity and Financial Resources

As at 31 December 2014, the Group had a net cash balance of approximately HK$25.96 million (2013: HK$14.02 million). The Group's net asset value (assets less liabilities) was approximately HK$134.70 million (2013: HK$135.82 million), with a liquidity ratio (ratio of current assets to current liabilities) of 4.19 (2013: 6.67). 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.

Financial Review (continued)

Charge on Assets

As at 31 December 2014, the Group has not charged any of its assets.

Exposure to fluctuation in exchange rate and related hedges

There has been no significant change in the Group's policy in terms of exchange rate exposure. The Group operates mainly in Hong Kong and the PRC. Most of the transactions are denominated in Hong Kong dollars ("HK$") and Renminbi ("RMB"). The exchange rate of RMB against HK$ is relatively stable. Hence, the Group neither anticipates any significant exchange risk exposure nor has a foreign currency hedging policy. However, management of the Group will monitor foreign exposure closely and consider the use of hedging instruments when necessary.

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.

Capital Commitments

	2014	2013
Capital expenditure in respect of the acquisition of plant, machinery and equipment:	**2,293,000**	—

Contingent Liability

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

Major Events

Save as aforesaid, the group had no material capital commitments and no future plans for material investments or capital assets as at 31 December 2014.

Events after the reporting period

There is no material subsequent event undertaken by the Company or by the Group after 31 December 2014 and up to the date of approved this announcement.

Human Resources

As at 31 December 2014, the Group had approximately 135 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 2014. The Directors do not recommend the payment of a dividend for the year ended 31 December 2014.

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 2014.

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 2014.

INVESTMENT PROPERTIES

At 31 December 2014, 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$41.45 million.

Particulars of investment property interests held by the Group at 31 December 2014 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 2014 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").

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.

Save as the aforesaid and in the opinion of the Directors, the Company has met all code provisions as set out in the Code during the year ended 31 December 2014.

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.

CORPORATE CORRESPONDENCE (CONTINUED)

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 2014 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 2014. 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 2014 as set out in this announcement have been agreed by the Company'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 2015

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. Ng Man Kung, Christopher and Mr. Leung Hok Lim.