FUJIAN HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00181)

ANNOUNCEMENT
INTERIM RESULTS FOR THE PERIOD ENDED 30 JUNE 2015

FINANCIAL HIGHLIGHT

	Six months ended 30 June 2015	Six months ended 30 June 2014
• Revenue	**HK$10,621,727**	HK$5,244,255
• Loss attributable to the equity holders of the Company	**(HK$4,159,577)**	(HK$4,783,320)
• Loss per share		
— Basic *(HK cents per Share)*	**(0.8)**	(0.9)
— 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 2015 (the "Period") together with the unaudited comparative figures for the corresponding period in 2014 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period from 1 January 2015 to 30 June 2015 (in HK Dollars)

	Note	**30 June 2015 (Unaudited)**	30 June 2014 (Unaudited)
Revenue	*3*	**10,621,727**	5,244,255
Other income	*5*	**49,933**	276,803
Other gains and losses	*6*	**600,299**	502,404
Employee benefits expense		**(5,148,856)**	(3,340,812)
Depreciation		**(2,547,212)**	(1,389,143)
Amortisation of prepaid lease payment		**(937,003)**	(937,003)
Share of profit of an associate		**322,398**	194,303
Other operating expenses		**(7,474,282)**	(5,369,839)
Loss before tax	*7*	**(4,512,996)**	(4,819,032)
Income tax credit	*8*	**353,419**	35,712
Loss for the period		**(4,159,577)**	(4,783,320)
Other comprehensive income/(expense):			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		**258,802**	(86,796)
Other comprehensive income/(expense) for the period, net of tax		**258,802**	(86,796)
Total comprehensive expense for the period		**(3,900,775)**	(4,870,116)
Loss for the period attributable to the owners of the Company		**(4,159,577)**	(4,783,320)
Total comprehensive expense for the period attributable to the owners of the Company		**(3,900,775)**	(4,870,116)
Loss per share			
— Basic and diluted (in HK cents)	*9*	**(0.8)**	(0.9)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015 (in HK Dollars)

	Note	30 June 2015 (Unaudited)	31 December 2014 (Audited)
Non-current assets			
Property, plant and equipment	*11*	**38,967,045**	37,339,739
Prepaid lease payment	*12*	**19,520,899**	20,457,902
Investment properties	*13*	**41,450,000**	41,450,000
Interest in an associate		**15,907,270**	15,584,872
Deferred tax assets		**1,894,269**	1,894,269
		117,739,483	116,726,782
Current assets			
Inventories	*14*	**266,485**	2,118,162
Trade and other receivables	*15*	**2,290,857**	2,801,356
Financial assets designated as at fair value though profit or loss	*16*	**6,340,350**	—
Bank balances and cash		**17,859,925**	25,961,366
		26,757,617	30,880,884
Current liabilities			
Trade and other payables	*17*	**8,516,498**	7,372,869
		8,516,498	7,372,869
Net current assets		**18,241,119**	23,508,015
Total assets less current liabilities		**135,980,602**	140,234,797
Capital and reserves			
Equity attributable to owners of the Company			
Share capital	*18*	**643,439,713**	643,439,713
Reserves		**(512,636,911)**	(508,736,136)
Total equity		**130,802,802**	134,703,577
Non-current liabilities			
Deferred tax liabilities		**5,177,800**	5,531,220
		5,177,800	5,531,220
		135,980,602	140,234,797

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period from 1 January 2015 to 30 June 2015 (in HK Dollars)

	Attributable to owners of the Company			
	Share capital *(Note 18)*	**Translation reserve**	**Accumulated losses**	**Total**
At 1 January 2015 (audited)	**643,439,713**	**(6,357,940)**	**(502,378,196)**	**134,703,577**
Loss for the period	**—**	**—**	**(4,159,577)**	**(4,159,577)**
Other comprehensive income for the period	**—**	**258,802**	**—**	**258,802**
Total comprehensive income/(expenses) for the period	**—**	**258,802**	**(4,159,577)**	**(3,900,775)**
At 30 June 2015 (unaudited)	**643,439,713**	**(6,099,138)**	**(506,537,773)**	**130,802,802**

	Attributable to owners of the Company				
	Share capital	Share premium	Translation reserve	Accumulated losses	Total
Balance 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 expense for the period	—	—	(86,796)	—	(86,796)
Total comprehensive expense for the period	—	—	(86,796)	(4,783,320)	(4,870,116)
Transition to no-par regime on 3 March 2014	576,659,713	(576,659,713)	—	—	—
Balance at 30 June 2014 (unaudited)	643,439,713	—	(5,830,214)	(506,661,066)	130,948,433

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 January 2015 to 30 June 2015 (in HK Dollars)

1. BASIS OF PREPARATION

The Group's unaudited condensed consolidated interim financial statements for the six months ended 30 June 2015 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The condensed consolidated interim financial statements have been prepared under the historical cost convention, except for investment properties and certain financial instruments that are measured at fair values. The condensed consolidated interim financial statements are unaudited but have been reviewed by the Company's audit committee.

2. PRINCIPAL ACCOUNTING POLICIES

The accounting policies used in preparing the condensed consolidated interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2014 except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretations as disclosed below.

In the current interim period, the Group has also applied, for the first time, the following new or revised standards and interpretations issued by the HKICPA:

Amendments to HKFRS	*Annual Improvements to HKFRSs 2010–2012 Cycle*
Amendments to HKFRS	*Annual Improvements to HKFRSs 2011–2013 Cycle*
Amendments to HKAS 19	*Defined Benefit Plans — Employee Contributions*

The application of the above new Interpretation and amendments to HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated interim financial statements.

The Group has not early adopted the new HKFRSs that have been issued but are not yet effective. The directors of the Company are currently assessing the impact of these new HKFRSs but are not yet in a position to state whether they would have material financial impact on the Group's results of operations and financial position.

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 2015 (Unaudited)	30 June 2014 (Unaudited)
Gross rental income from letting of investment properties	**692,817**	646,515
Revenue from hotel operations	**9,928,910**	4,597,740
	10,621,727	5,244,255

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 2015 (Unaudited)	30 June 2014 (Unaudited)	**30 June 2015 (Unaudited)**	30 June 2014 (Unaudited)	**30 June 2015 (Unaudited)**	30 June 2014 (Unaudited)
REVENUE						
Revenue from external customers	**692,817**	646,515	**9,928,910**	4,597,740	**10,621,727**	5,244,255
Segment profit/(loss) before depreciation amortisation and others	**664,035**	607,152	**332,831**	(933,382)	**996,866**	(326,230)
Depreciation	**—**	—	**(2,516,226)**	(1,345,791)	**(2,516,226)**	(1,345,791)
Amortisation	**—**	—	**(937,003)**	(937,003)	**(937,003)**	(937,003)
Segment result	**664,035**	607,152	**(3,120,398)**	(3,216,176)	**(2,456,363)**	(2,609,024)
Unallocated income					**432,395**	584,888
Central administration costs					**(2,811,426)**	(2,989,199)
Share of profit of associate					**322,398**	194,303
Loss before tax					**(4,512,996)**	(4,819,032)
Income tax credit					**353,419**	35,712
Loss for the period					**(4,159,577)**	(4,783,320)

Segment revenue as reported above represents revenue generated from external customers. There were no inter-segment sales in the current period (30 June 2014: 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 2015 (Unaudited)	31 December 2014 (Audited)	**30 June 2015 (Unaudited)**	31 December 2014 (Audited)	**30 June 2015 (Unaudited)**	31 December 2014 (Audited)
Assets						
Segment assets	**45,950,295**	48,191,222	**80,661,897**	81,845,336	**126,612,192**	130,036,558
Interest in associate					**15,907,270**	15,584,872
Unallocated corporate assets					**1,977,638**	1,986,236
Consolidated total assets					**144,497,100**	147,607,666
Liabilities						
Segment liabilities	**(817,851)**	(912,794)	**(7,698,647)**	(6,454,075)	**(8,516,498)**	(7,366,869)
Unallocated corporate liabilities					**(5,177,800)**	(5,537,220)
Consolidated total liabilities					**(13,694,298)**	(12,904,089)

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 2015 (Unaudited)	30 June 2014 (Unaudited)	**30 June 2015 (Unaudited)**	30 June 2014 (Unaudited)	**30 June 2015 (Unaudited)**	30 June 2014 (Unaudited)
Other information						
Segment depreciation	**—**	—	**2,516,226**	1,345,790	**2,516,226**	1,345,790
Unallocated depreciation	**—**	—	**—**	—	**30,986**	43,353
	—	—	**2,516,226**	1,345,790	**2,547,212**	1,389,143
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 operations and information about its non-current assets are present based on the geographical location of asset are detailed below:

	Hong Kong		PRC		Consolidated	
	30 June 2015 (Unaudited)	30 June 2014 (Unaudited)	**30 June 2015 (Unaudited)**	30 June 2014 (Unaudited)	**30 June 2015 (Unaudited)**	30 June 2014 (Unaudited)
Revenue from external customers	**692,817**	646,515	**9,928,910**	4,597,740	**10,621,727**	5,244,255

5. OTHER INCOME

	30 June 2015 (Unaudited)	30 June 2014 (Unaudited)
Bank interest income	**45,882**	107,951
Others	**4,051**	168,852
	49,933	276,803

6. OTHER GAINS AND LOSSES

	30 June 2015 (Unaudited)	30 June 2014 (Unaudited)
Gain arising on change in fair value of financial assets designated at fair value through profit or loss	**177,682**	722,745
Net foreign exchange (losses)/gains	**422,617**	(220,341)
	600,299	502,404

7. LOSS BEFORE TAX

	30 June 2015 (Unaudited)	30 June 2014 (Unaudited)
Loss for the period has been arrived at after charging/(crediting):		
Gross rental income from investment properties	**(692,817)**	(646,515)
Less: Direct operating expenses that generated rental income during the period	**28,782**	39,363
	(664,035)	(607,152)
Depreciation of hotel property	**1,224,531**	1,224,531
Depreciation of other property, plant and equipment	**1,291,695**	164,612
	2,516,226	1,389,143
Amortisation of prepaid lease payment	**937,003**	937,003
Total depreciation and amortisation	**3,453,229**	2,326,146
Salaries and other benefits (including directors' remunerations)	**4,617,120**	3,104,511
Retirement benefit scheme contributions	**531,736**	236,301
Staff costs	**5,148,856**	3,340,812
Share of tax of an associate (included in share of profit of an associate)	**108,679**	53,437

8. INCOME TAX CREDIT

	30 June 2015 (Unaudited)	30 June 2014 (Unaudited)
Deferred tax		
Current period	**353,419**	35,712
Income tax credit	**353,419**	35,712

Hong Kong Profits Tax is calculated at 16.5% (30 June 2014: 16.5%) of the estimated assessable profit for the period.

No provision for Hong Kong Profits Tax has been made in the unaudited 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 2014: 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$4,159,577 (30 June 2014: HK$4,783,320), and the weighted average number of 534,240,000 (30 June 2014: 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 2014: 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 2014 (audited)	92,391,462	2,383,607	6,968,881	3,960,429	105,704,379
Additions	—	18,000	7,126,815	2,608,830	9,753,645
Disposal and write-off	—	(379,020)	(425,315)	(270,383)	(1,074,718)
Exchange adjustments	—	(53,732)	(154,910)	(87,875)	(296,517)
At 31 December 2014 and 1 January 2015 (audited)	92,391,462	1,968,855	13,515,471	6,211,001	114,086,789
Additions	—	1,142,082	2,459,909	360,020	3,962,011
Written off	—	(62,875)	—	(25,817)	(88,692)
Exchange adjustments	—	43,674	301,032	137,675	482,381
As at 30 June 2015	92,391,462	3,091,736	16,276,412	6,682,879	118,442,489
Depreciation and impairment					
At 1 January 2014 (audited)	63,206,787	2,342,329	6,793,025	2,806,163	75,148,304
Provided for the year	2,449,064	10,135	87,841	318,260	2,865,300
Eliminated on disposal and write-off	—	(372,887)	(362,924)	(258,929)	(994,740)
Exchange adjustments	—	(53,137)	(153,295)	(65,382)	(271,814)
At 31 December 2014 and 1 January 2015 (audited)	65,655,851	1,926,440	6,364,647	2,800,112	76,747,050
Provided for the period	1,224,531	117,509	828,867	376,305	2,547,212
Eliminated on written off	—	(62,875)	—	(13,453)	(76,328)
Exchange adjustments	—	44,455	148,799	64,256	257,510
As at 30 June 2015	66,880,382	2,025,529	7,342,313	3,227,220	79,475,444
Net carrying amounts as at 30 June 2015	**25,511,080**	**1,066,207**	**8,934,099**	**3,455,659**	**38,967,045**
As at 31 December 2014 (audited)	26,735,611	42,415	7,150,824	3,410,889	37,339,739

12. PREPAID LEASE PAYMENT

COST	
At 1 January 2014, 31 December 2014 and 30 June 2015	86,000,000
AMORTISATION AND IMPAIRMENT	
At 1 January 2014	63,668,091
Amortisation for the year	1,874,007
At 31 December 2014	65,542,098
Amortisation for the period	937,003
At 30 June 2015	66,479,101
NET CARRYING AMOUNT	
At 30 June 2015	**19,520,899**
At 31 December 2014	20,457,902

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

FAIR VALUE	
At 31 December 2014 and at 30 June 2015	41,450,000

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 2014 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 2015 are as follows:

	Level 2	Level 3	Fair value as at 30 June 2015
Commercial property units located in Hong Kong	—	41,000,000	41,000,000
Parking space located in Hong Kong	450,000	—	450,000
	450,000	41,000,000	41,450,000

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 2015 (Unaudited)	31 December 2014 (Audited)
Land and building in Hong Kong:		
Medium-term lease	**41,450,000**	41,450,000

At 30 June 2015, 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 2014 and maintain consistency. Consequently, no fair value gains or loss have been recognised in the current period.

14. INVENTORIES

	30 June 2015 (Unaudited)	31 December 2014 (Audited)
Consumables	**266,405**	222,274
Others	**—**	1,895,888
	266,405	2,118,162

15. TRADE AND OTHER RECEIVABLES

	30 June 2015 (Unaudited)	31 December 2014 (Audited)
Trade receivables	**774,950**	479,783
Less: Allowance for doubtful debts	**(79,616)**	(77,854)
	695,334	401,929
Other receivables, utility deposits and prepayments	**17,952,832**	18,396,109
Less: Allowance for doubtful debts	**(16,357,309)**	(15,996,682)
	1,595,523	2,399,427
Total trade and other receivables	**2,290,857**	2,801,356

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 2015 (Unaudited)	31 December 2014 (Audited)
Current to six months	**685,443**	262,774
Over six months and within one year	**9,891**	139,155
	695,334	401,929

The average credit period is 45 days.

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

	30 June 2015 (Unaudited)	31 December 2014 (Audited)
Unlisted investment:		
Designated as at fair value through profit or loss	**6,340,350**	—

During the period, the Group entered into a 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 2015 approximated their principal amounts, and the fair value of the embedded derivatives is insignificant. At the date the condensed 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 2015 (Unaudited)	31 December 2014 (Audited)
Trade payables	**1,949,275**	1,340,417
Other payables	**6,567,223**	6,032,452
Total trade and other payables	**8,516,498**	7,372,869

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

	30 June 2015 (Unaudited)	31 December 2014 (Audited)
Current to six months	**1,841,577**	1,279,821
Over six months and within one year	**1,522**	—
Over one year	**106,176**	60,596
	1,949,275	1,340,417

The average credit period is 45 days.

18. SHARE CAPITAL

	30 June 2015 (Unaudited)		31 December 2014 (Audited)	
	Number of shares	***HK$***	*Number of shares*	*HK$*
Issued and fully paid:				
At beginning and at end of period/year	**534,240,000**	**643,439,713**	534,240,000	643,439,713

19. CONNECTED TRANSACTIONS

Reference is made to the announcements of the Company dated 13 April 2015. Terms used hereinafter are defined in the above announcements.

On 13 April 2015, Xiamen Hotel (a wholly-owned subsidiary of the Company) as lessor and Huamin Mingrui as lessee entered into three lease agreements in respect of the lease of certain premises at Xiamen Plaza for a term of one year from 16 April 2015 to 15 April 2016, details of which are set out in the announcement of the Company dated 13 April 2015.

The entering into of the lease agreements will allow the Group to earn rental income from the leasing of certain premises at Xiamen Plaza. The aggregate monthly rent and service charge payable by Huamin Mingrui to the Company under the lease agreements for the two years ending 31 December 2016 are RMB111,540 and RMB139,480 respectively, which were agreed between the parties after arm's length negotiations with reference to the prevailing market price for Xiamen Plaza and comparable premises in the vicinity. The maximum aggregate amount payable by Huamin Mingrui to Xiamen Hotel under the lease agreements for the two years ending 31 December 2016 (being the rental, service charge, security deposits and security for public utility expenses) are RMB1,376,940 and RMB488,180 respectively, which are the annual caps for the two years ending 31 December 2016. The lease agreements may be renewed upon expiration of the current terms.

Fujian Huamin Industrial Group Company Limited (福建華閩實業(集團)有限公司) ("FHIG") indirectly owns approximately 52.28% of the issued share capital of the Company and is the controlling Shareholder of the Company. Huamin Mingrui is a non-wholly owned subsidiary of FHIG and is therefore a connected person of the Company under Chapter 14A of the Listing Rules.

The Company confirms that it has complied with all relevant disclosure requirements in accordance with Chapter 14A of the Listing Rules of The Stock Exchange of Hong Kong Limited with respect to the above connected transactions.

Detail of total amount received from Huanmin Mingrui as at 31 June 2015 are as follows:

	30 June 2015
	(Unaudited)
Deposit received	487,725
Rental and others	139,862
	627,587

20. PENDING LITIGATION

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.

The first verdict of Xiamen Intermediate People's Court (District Court) of Fujian Province was declared on 2 September 2014. Pursuant to the court decision, Hotel Management Contract 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 shall be deemed as dissolved. 柯遠鵬, 蘇文忠 and Friendship International shall be jointly and severally liable for the liability on the breach of contract and pay approximately RMB8,600,000, equivalent to approximately HK$10,750,000 to Xiamen plaza within 10 days from the court decision come into force. The court is dismiss any other claim raised by Xiamen Plaza Plaintiff and overruled all counterclaim filed by Friendship International Defendant.

Since the court decision come into force, Friendship International Defendant has not make any payment of the above mentioned.

21. EVENT AFTER THE REPORTING PERIOD

On 26 June 2015, the Company entered an agreement with an underwriter for raising approximately net proceed of HK$104.37 million, which excluded related issue expense and professional fees, by issuing 267,120,000 new shares to the qualifying shareholders by way of the open offer at subscription price of HK$0.4 per offer share on the basis of one offer shares for every two shares in issue on the record date. Details of the above were disclosed in the Company's prospectus dated 28 July 2015.

22. APPROVAL OF THE INTERIM FINANCIAL REPORT

These condensed interim financial statements were approved and authorised for issue by the Directors on 20 August 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULT

The turnover of the Group for the six months ended 30 June 2015 amounted to approximately HK$10.62 million, representing an increase of approximately 98% as compared to approximately HK$5.24 million in the corresponding period last year.

For the six months ended 30 June 2015, the gearing ratio (divide non-current liability by equity plus non-current liabilities multiple by 100 which results in percentage) of the Group was 3.81% (31 December 2014: 3.94%).

For the six months ended 30 June 2015, the net loss attributable to shareholders was approximately HK$4.16 million (2014: HK$4.78 million). Loss per share was approximately 0.8 HK cent for the six months ended 30 June 2015.

OPERATIONAL REVIEW

a. Star-rated Hotel Operation

During the period, the Group's principal operation was subject to pressure given the slowdown in China's macro-economic growth, general downside in operating results and cyclical oversupply in the PRC hotel industry and other changes in the social environment. Nevertheless, the domestic hotel industry was slowly recovering from the doldrums of 2013. The Group overcame unfavourable factors and capitalised on favourable ones and market opportunities, such as, enhancing sales force regarding wedding banquet and the increasing number of conventions held in the hotel, and the gradual realisation of the positive effect of the Free Trade Zone, and achieved notable results in its efforts to adjust asset mix, optimise staff allocation, enhance asset profitability and shareholders' equity.

Star-rated hotel operation is the main source of revenue for the Group. For the six months ended 30 June 2015, turnover of the hotel was approximately HK$9.93 million (30 June 2014: HK$4.60 million), representing an increase of approximately 116% from the corresponding financial period.

For the period under review, the occupancy rate was approximately 36% (30 June 2014: 33%), representing an increase approximately 10% from the corresponding period of last year. Average daily rate (ADR) was approximately RMB294 (30 June 2014: RMB205) representing an increase of 43% 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 2015, together with comparative figures of 2014:

	30 June 2015		30 June 2014	
	HK$ in thousand	***% in turnover***	*HK$ in thousand*	*% in turnover*
Accommodation revenue	**4,827**	**48%**	3,714	81%
Catering	**2,534**	**26%**	—	—
Rental revenue	**2,568**	**26%**	884	19%
	9,929	**100%**	4,598	100%

Accommodation revenue

Accommodation revenue performed strongly throughout the review period, with sales revenue up 29.96% from the same period last year to approximately HK$4.83 million. The Group's extensive efforts to upgrade the hotel facilities over the past year have started to pay off. Both occupancy rate and average daily rate are also is growing steadily, which again points to strong customer loyalty.

Catering revenue

The Group accelerated its catering development during the Reporting Period, enhancing sales force regarding wedding banquet, catering and related services. As of 30 June 2015, the catering business contributed to approximately HK$2.53 million revenue for the Group represented approximately 23.82% of the Group's turnover.

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$2.57 million in rental revenue during the period for the Group.

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 2015, the rental income of the properties in Hong Kong was approximately HK$0.69 million, while the Group recorded approximately HK$0.65 million for the corresponding period of last year.

With the support of the stable local economy growth, we are confident in delivering continued revenue growth in 2015. 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 2015, the interest in Harmony Piano contributed approximately HK$0.33 million (30 June 2014: Approximately HK$0.19 million).

FUTURE DEVELOPMENT

Improved customer services and better hotel facilities, which is a core competitive advantage to seize the growth opportunity in local tourism and restaurant industry. The Board believes that the hotel business in Xiamen will contribute positively to the Group. Meanwhile, 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 manager system. We will leverage our strengths in the Fujian Province and actively locking for 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.

CONNECTED TRANSACTION

Detail of the connected transaction of the Group during the period set out in Note 19 to the condensed financial statements of the announcement.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 30 June 2015, the Group had cash and bank balance of approximately HK$17.86 million (31 December 2014: HK$25.96 million). The Group's net asset value (assets less liabilities) was approximately HK$135.98 million (31 December 2014: HK$140.23 million), with a liquidity ratio (ratio of current assets to current liabilities) of 3.14 (31 December 2014: 4.19). 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$3.9 million to approximately HK$130.80 million as compared with approximately HK$134.70 million as at 31 December 2014.

As at 30 June 2015, the share capital of the Company is consisted of 534,240,000 ordinary shares. 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.

On 26 June 2015, the Company entered an agreement with an underwriter for raising approximately net proceed of HK$104.37 million, which excluded related issue expense and professional fees, by issuing 267,120,000 new shares to the qualifying shareholders by way of the open offer at subscription price of HK$0.4 per offer share on the basis of one offer shares for every two shares in issue on the record date. Details of the above were disclosed in the Company's prospectus dated 28 July 2015.

CHARGE ON ASSETS

As at 30 June 2015, 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 2015, the Group had approximately 143 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$5.15 million for the six months ended 30 June 2015, which represents an increase of 54% as compared to the same period of 2014. The Group's employment and remuneration policies remained the same as detailed in the Company's annual report for the year ended 31 December 2014.

CHANGES SINCE 31 DECEMBER 2014

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 2014.

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 2015.

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 2015.

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. Ng Man Kung. 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 2015.

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 2015 was approved by the Board for issue on 20 August 2015.

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 2015 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 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 Ms. Chen Danyun, two non-executive Directors, namely Mr. Feng Qiang and Mr. Zhang Fan and three independent non-executive Directors, namely Mr. Lam Kwong Siu, Mr. Ng Man Kung and Mr. Leung Hok Lim.