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FUJIAN HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00181)

ANNOUNCEMENT
INTERIM RESULTS FOR THE PERIOD ENDED 30 JUNE 2016

FINANCIAL HIGHLIGHT

	Six months ended 30 June 2016 *HK$*	Six months ended 30 June 2015 *HK$*
• Revenue	**13,057,403**	10,621,727
• Loss attributable to owners of the Company	**(3,127,127)**	(4,159,577)
• Loss per share — Basic and diluted *(HK cents per Share)*	**(0.4)**	(0.8)

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 2016 (the "Period") together with the unaudited comparative figures for the corresponding period in 2015 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period from 1 January 2016 to 30 June 2016 (in HK Dollars)

	Note	**30 June 2016 (Unaudited)**	30 June 2015 (Unaudited)
Revenue	*3*	**13,057,403**	10,621,727
Other income	*5*	**561,140**	49,933
Other gains and losses	*6*	**(56,877)**	600,299
Employee benefits expense		**(5,832,259)**	(5,148,856)
Depreciation		**(2,353,616)**	(2,547,212)
Amortisation of prepaid lease payment		**(937,003)**	(937,003)
Share of profit of an associate		**235,759**	322,398
Other operating expenses		**(7,748,885)**	(7,474,282)
Loss before tax	*7*	**(3,074,338)**	(4,512,996)
Income tax credit	*8*	**(52,789)**	353,419
Loss for the period attributable to owners of the Company		**(3,127,127)**	(4,159,577)
Other comprehensive income/(expense):			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		**(590,416)**	258,802
Other comprehensive income/(expense) for the period, net of tax		**(590,416)**	258,802
Total comprehensive expense for the period attributable to the owners of the Company		**(3,717,543)**	(3,900,775)
Loss per share			
— Basic and diluted (in HK cents)	*9*	**(0.4)**	(0.8)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

At 30 June 2016 (in HK Dollars)

	Note	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Non-current assets			
Property, plant and equipment	*11*	**33,493,808**	35,993,029
Prepaid lease payment	*12*	**17,646,894**	18,583,895
Investment properties	*13*	**45,450,000**	45,450,000
Interest in an associate		**16,669,228**	16,767,744
Deferred tax assets		**1,894,269**	1,894,269
		115,154,199	118,688,937
Current assets			
Inventories	*14*	**258,829**	324,666
Trade and other receivables	*15*	**2,978,175**	1,493,295
Financial assets designated as at fair value though profit or loss	*16*	**11,700,012**	—
Bank balances and cash		**115,860,000**	127,321,976
		130,797,016	129,139,937
Current liabilities			
Trade and other payables	*17*	**10,044,440**	8,257,344
Net current assets		**120,752,576**	120,882,593
Total assets less current liabilities		**235,906,775**	239,571,530
Capital and reserves			
Equity attributable to owners of the Company			
Share capital	*18*	**747,839,049**	747,839,049
Reserves		**(516,707,115)**	(512,989,572)
Total equity		**231,131,934**	234,849,477
Non-current liabilities			
Deferred tax liabilities		**4,774,841**	4,722,053
		235,906,775	239,571,530

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period from 1 January 2016 to 30 June 2016 (in HK Dollars)

	Attributable to owners of the Company			
	Share capital	**Translation reserve**	**Accumulated losses**	**Total**
Balance at 1 January 2016 (audited)	**747,839,049**	**(8,475,208)**	**(504,514,364)**	**234,849,477**
Loss for the period	**—**	**—**	**(3,127,127)**	**(3,127,127)**
Other comprehensive expense for the period	**—**	**(590,416)**	**—**	**(590,416)**
Total comprehensive expense for the period	**—**	**(590,416)**	**(3,127,127)**	**(3,717,543)**
Balance at 30 June 2016 (unaudited)	**747,839,049**	**(9,065,624)**	**(507,641,491)**	**231,131,934**

	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/(expense) 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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 January 2016 to 30 June 2016 (in HK Dollars)

1. BASIS OF PREPARATION

The Group's unaudited condensed consolidated interim financial statements for the six months ended 30 June 2016 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 interim consolidated 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 2015 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.

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 2016 (Unaudited)	30 June 2015 (Unaudited)
Gross rental income from letting of investment properties	**678,917**	692,817
Revenue from hotel operations	**12,378,486**	9,928,910
	13,057,403	10,621,727

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 2016 (Unaudited)	30 June 2015 (Unaudited)	**30 June 2016 (Unaudited)**	30 June 2015 (Unaudited)	**30 June 2016 (Unaudited)**	30 June 2015 (Unaudited)
REVENUE						
Revenue from external customers	**678,917**	692,817	**12,378,486**	9,928,910	**13,057,403**	10,621,727
Segment profit/(loss) before depreciation amortisation and others	**643,239**	664,035	**2,460,892**	332,831	**3,104,131**	996,866
Depreciation	**—**	—	**(2,353,616)**	(2,516,226)	**(2,353,616)**	(2,516,226)
Amortisation	**—**	—	**(937,003)**	(937,003)	**(937,003)**	(937,003)
Segment result	**643,239**	664,035	**(829,727)**	(3,120,398)	**(186,488)**	(2,456,363)
Unallocated income					**187,930**	432,395
Central administration costs					**(3,311,539)**	(2,811,426)
Share of profit of associate					**235,759**	322,398
(Loss)/profit before tax					**(3,074,338)**	(4,512,996)
Income tax credit/(expense)					**(52,789)**	353,419
(Loss)/profit for the period					**(3,127,127)**	(4,159,577)

Segment revenue as reported above represents revenue generated from external customers. There were no inter-segment sales in the current period (30 June 2015: 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 2016 (Unaudited)	31 December 2015 (Audited)	**30 June 2016 (Unaudited)**	31 December 2015 (Audited)	**30 June 2016 (Unaudited)**	31 December 2015 (Audited)
Assets						
Segment assets	**152,785,085**	152,546,625	**74,520,464**	76,537,167	**227,305,549**	229,083,792
Interest in an associate					**16,669,228**	16,767,744
Unallocated corporate assets					**1,976,438**	1,977,338
Consolidated total assets					**245,951,215**	247,828,874
Liabilities						
Segment liabilities	**(3,419,189)**	(963,701)	**(6,625,251)**	(7,273,643)	**(10,044,440)**	(8,257,344)
Unallocated corporate liabilities					**(4,774,841)**	(4,722,053)
Consolidated total liabilities					**(14,819,281)**	(12,979,397)

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.

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:

	Revenue from external customers	
	30 June 2016 (Unaudited)	30 June 2015 (Unaudited)
PRC	**12,378,486**	692,817
Hong Kong	**678,917**	9,928,910
	13,057,403	10,621,727

5. OTHER INCOME

	30 June 2016 (Unaudited)	30 June 2015 (Unaudited)
Bank interest income	**478,322**	45,882
Others	**82,818**	4,051
	561,140	49,933

6. OTHER GAINS AND LOSSES

	30 June 2016 (Unaudited)	30 June 2015 (Unaudited)
Gain arising on change in fair value of financial assets designated at fair value through profit or loss	**227,516**	177,682
Net foreign exchange (losses)/gains	**(284,393)**	422,617
	(56,877)	600,299

7. LOSS BEFORE TAX

	30 June 2016 (Unaudited)	30 June 2015 (Unaudited)
Loss for the period has been arrived at after charging/(crediting):		
Gross rental income from investment properties	**(678,917)**	(692,817)
Less: Direct operating expenses that generated rental income during the period	**35,678**	28,782
	(643,239)	(664,035)
Depreciation of hotel property	**1,224,531**	1,224,531
Depreciation of other property, plant and equipment	**1,129,085**	1,322,681
	2,353,616	2,547,212
Amortisation of prepaid lease payment	**937,003**	937,003
Total depreciation and amortisation	**3,290,619**	3,484,215
Salaries and other benefits (including directors' remunerations)	**5,377,446**	4,617,120
Retirement benefit scheme contributions	**454,813**	531,736
Staff costs	**5,832,259**	5,148,856
Share of tax of an associate (included in share of profit of an associate)	**116,191**	108,679

8. INCOME TAX CREDIT

	30 June 2016 (Unaudited)	30 June 2015 (Unaudited)
Deferred tax		
Origination and reversal of timing different	**(52,789)**	353,419
Income tax (expenses)/credit	**(52,789)**	353,419

Hong Kong Profits Tax is calculated at 16.5% (30 June 2015: 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 2015: 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 owner of the Company is based on the unaudited consolidated net losses attributable to the equity holders of the Company of HK$3,127,127 (30 June 2015: HK$4,159,577), and the weighted average number of 801,360,000 (30 June 2015: 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 2015: 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 2015 (audited)	92,391,462	1,968,855	13,515,471	6,211,001	114,086,789
Additions	—	1,577,329	2,325,276	415,892	4,318,497
Disposal and write-off	—	(62,109)	—	(25,701)	(87,810)
Exchange adjustments	—	(72,157)	(497,350)	(227,457)	(796,964)
At 31 December 2015 and 1 January 2016 (audited)	92,391,462	3,411,918	15,343,397	6,373,735	117,520,512
Additions	—	—	—	80,198	80,198
Written off	—	(4,013)	(216,086)	(19,047)	(239,146)
Exchange adjustments	—	(66,765)	(299,467)	(123,979)	(490,211)
As at 30 June 2016	92,391,462	3,341,140	14,827,844	6,310,907	116,871,353
Depreciation and impairment					
At 1 January 2015 (audited)	65,655,851	1,926,440	6,364,647	2,800,112	76,747,050
Provided for the year	2,449,064	327,727	1,718,425	719,552	5,214,768
Eliminated on disposal and write-off	—	(62,109)	—	(13,337)	(75,446)
Exchange adjustments	—	(80,786)	(158,004)	(120,099)	(358,889)
At 31 December 2015 and 1 January 2016 (audited)	68,104,915	2,111,272	7,925,068	3,386,228	81,527,483
Provided for the period	1,224,531	129,088	699,831	300,166	2,353,616
Eliminated on written off	—	(4,013)	(216,086)	(14,226)	(234,325)
Exchange adjustments	—	(42,573)	(159,537)	(67,119)	(269,229)
As at 30 June 2016	69,329,446	2,193,774	8,249,276	3,605,049	83,377,545
Net carrying amounts as at 30 June 2016	**23,062,016**	**1,147,366**	**6,578,568**	**2,705,858**	**33,493,808**
As at 31 December 2015 (audited)	24,286,547	1,300,646	7,418,329	2,987,507	35,993,029

12. PREPAID LEASE PAYMENT

COST	
At 1 January 2015, 31 December 2015 and 30 June 2016	86,000,000
AMORTISATION AND IMPAIRMENT	
At 1 January 2015	65,542,098
Amortisation for the year	1,874,007
At 31 December 2015	67,416,105
Amortisation for the period	937,003
At 30 June 2016	68,353,108
NET CARRYING AMOUNT	
At 30 June 2016	**17,646,892**
At 31 December 2015	18,583,895

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 2015 and at 30 June 2016	45,450,000

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 2015 had 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 2016 are as follows:

	Level 2	**Level 3**	**Fair value as at 30 June 2016**
Commercial property units located in Hong Kong	—	45,000,000	45,000,000
Parking space located in Hong Kong	450,000	—	450,000
	450,000	45,000,000	45,450,000

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 2016 (Unaudited)	31 December 2015 (Audited)
Land and building in Hong Kong:		
Medium-term lease	**45,450,000**	45,450,000

At 30 June 2016, 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 2015 and maintain consistency. Consequently, no fair value gains or loss have been recognised in the current period.

14. INVENTORIES

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Consumables	**258,829**	324,666

15. TRADE AND OTHER RECEIVABLES

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Trade receivables	**1,006,901**	711,057
Less: Allowance for doubtful debts	**(73,459)**	(74,942)
	933,442	636,115
Other receivables, utility deposits and prepayments	**16,287,882**	16,376,053
Less: Allowance for doubtful debts	**(14,243,149)**	(15,518,873)
	2,044,733	857,180
Total trade and other receivables	**2,978,175**	1,493,295

An ageing 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 2016 (Unaudited)	31 December 2015 (Audited)
Current to six months	**884,072**	545,911
Over six months and within one year	**562**	40,410
Over one year	**48,808**	49,794
	933,442	636,115

The average credit period is 45 days.

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

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Unlisted investment in the PRC:		
Designated as at fair value through profit or loss	**11,700,012**	—

During the period, the Group entered into 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 financial assets at FVTPL on initial recognition.

In the opinion of the Directors, the fair value of the financial assets at 30 June 2016 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 2016 (Unaudited)	31 December 2015 (Audited)
Trade payables	**1,518,660**	1,318,851
Other payables	**8,525,780**	6,938,493
Total trade and other payables	**10,044,440**	8,257,344

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

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Current to six months	**1,138,103**	1,200,263
Over six months and within one year	**358,304**	25,142
Over one year	**22,253**	93,446
	1,518,660	1,318,851

The average credit period is 45 days.

As at 30 June 2016 and 31 December 2015, the carrying amounts of trade and other payable approximately their fair value due to short maturity.

18. SHARE CAPITAL

	30 June 2016 (Unaudited) Number of shares	30 June 2016 (Unaudited) HK$	31 December 2015 (Audited) Number of shares	31 December 2015 (Audited) HK$
Issued and fully paid				
At 1 January	**801,360,000**	**747,839,049**	534,240,000	643,439,713
Issue of shares by way of open offer *(note (i))*	**—**	**—**	267,120,000	106,848,000
Transaction costs attributable to open offer	**—**	**—**	—	(2,448,664)
As 31 December	**801,360,000**	**747,839,049**	801,360,000	747,839,049

Notes:

(i) In August 2015, the Company raised gross proceeds of HK$106,848,000 by issuing 267,120,000 new shares in an open offer on the basis of one offer share for every two existing shares at a subscription price of HK$0.4 per offer share ("Open Offer").

19. CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of the Company dated 12 May 2016. Terms used hereinafter are defined in the above announcement.

On 12 May 2016, 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 2016 to 15 April 2017, details of which are set out in the announcement of the Company dated 12 May 2016.

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 2017 are RMB125,510 and RMB138,061 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 RMB1,555,015 and RMB483,219 respectively, which are the annual caps for the two years ending 31 December 2017. 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 67.92% 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 Fujian Tourism Investment Group Company Limited 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 Rules on The Stock Exchange of Hong Kong Limited with respect to the above connected transactions.

Details of the total amount received from Huamin Mingrui as at 30 June 2016 are as follows:

	30 June 2016 (Unaudited)
Rental and others	**830,615**

20. EVENT AFTER THE REPORTING PERIOD

Reference is made to the announcement of the Company dated 17 June 2016 and the circular dated 25 July 2016. Terms used hereinafter are defined in the above announcement and circular.

On 17 June 2016, Champ Profit Asia Investment Limited (the "Purchaser") (a wholly-owned subsidiary of the Company) and Hua Min Tourism Company Limited (the "Vendor") entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Offices A, C and D of 21st Floor, Wing On House, No. 71 Des Voeux Road, Central, Hong Kong at a Consideration of HK$148,000,000; and the Company, HC Technology Capital Company Limited (the "Subscriber"), the controlling Shareholder of the Company which beneficially holds 425,830,722 Shares, representing approximately 53.14% of the issued share capital of the Company, the Vendor and the Purchaser entered into the Subscription Agreement pursuant to which the parties agreed that the Consideration shall be satisfied by the allotment of 344,186,000 Shares by the Company to the Subscriber at the subscription price of HK$0.43 per subscription share; and the payment by the Purchaser to the Vendor of the Remaining Purchase Price, being HK$20 in cash.

FTDC, through the Subscriber and Pinoge Company Limited, its wholly-owned subsidiaries, held 433,882,772 Shares (representing approximately 54.14% of the issued share capital of the Company). In addition, FTDC, through Fujian Tourism Investment Group Company Limited, its wholly-owned subsidiary, held 100% issued share capital of the Vendor. As such, the Vendor and the Subscriber are connected persons of the Company. As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Transfer exceed 25% but below 100%, the Transfer constitutes a major and connected transaction of the Company subject to the reporting, announcement, circular and the Independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

The above Transfer and the Specific Mandate were approved at the extraordinary general meeting of the Company dated 11 August 2016 and completed on 22 August 2016.

Reference is made to the announcement of the Company dated 23 August 2016. Terms used hereinafter are defined in the aforementioned announcement.

On 23 August 2016, the Company and FHIG (a controlling shareholder of the Company) entered into the Investment Agreement in respect of the establishment of the Joint Venture. The Company and FHIG have agreed to establish the Joint Venture. The registered capital of the Joint Venture will be RMB80 million, to which the Company and FHIG will contribute RMB40.8 million and RMB39.2 million, respectively. Upon the establishment of the Joint Venture, the Company and FHIG will hold 51% and 49%, respectively, of the equity interest in the Joint Venture. The contributions are to be paid in full within two years of the date of issuance of business license of the Joint Venture.

The total initial capital contribution of RMB80 million to the Joint Venture was determined by the parties after arm's length negotiations with reference to the minimum level of capital contribution required for the Joint Venture to be able to take advantage of the tax and financial benefits from the China (Fujian) Pilot Free Trade Zone (中國(福建)自由貿易試驗區).

The capital contribution on the part of the Company will be funded from the funds raised under the open offer of the Company conducted in 2015, details of which were disclosed in the Company's prospectus dated 28 July 2015.

The business scope of the Joint Venture is mainly tourism related leasing service within the Fujian Province, PRC, including but not limited to leasing of caravan compartments and cable car.

The Joint Venture shall engage in business for a term of 30 years, calculated from the date of issuance of business license of the Joint Venture.

FHIG indirectly holds 67.92% of the issued share capital of the Company and is a controlling shareholder of the Company. Therefore, FHIG is a connected person of the Company for the purposes of Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Investment Agreement constitute connected transactions of the Company. As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Investment Agreement exceed 5% but are less than 25%, the transactions contemplated under the Investment Agreement constitute a discloseable and connected transaction of the Company which is subject to the reporting, announcement and shareholder's approval requirements under the Listing Rules.

FHIG, being a controlling shareholder of the Company indirectly interested in approximately 67.92% of the issued share capital of the Company, and its associates (including HC Technology Capital Company Limited and Pinoge Company Limited, which are directly interested in approximately 67.22% and 0.7% of the issued share capital of the Company respectively and are indirectly wholly-owned subsidiaries of FHIG) being connected persons of the Company and having material interests in the Investment Agreement (which are different from those of the Independent Shareholders), will abstain from voting at the EGM for the relevant resolution.

A circular containing, among other things, (i) the details of the Investment Agreement; (ii) the recommendation of the Independent Board Committee regarding the Investment Agreement to the Independent Shareholders; (iii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee on the Investment Agreement; (iv) a notice to convene the EGM; and (v) other information required under the Listing Rules, will be dispatched to the Shareholders by 13 September 2016 in accordance with the Listing Rules.

21. APPROVAL OF THE INTERIM FINANCIAL STATEMENT

These condensed interim financial statements were approved and authorised for issue by the Directors on 23 August 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULT

The revenue of the Group for the six months ended 30 June 2016 amounted to approximately HK$13.06 million, representing an increase of approximately 23% as compared to approximately HK$10.62 million in the corresponding period last year.

For the six months ended 30 June 2016, the gearing ratio (non-current liabilities divided by the sum of total equity and non-current liabilities and multiplied by 100%) of the Group was 2.02% (31 December 2015: 1.97%).

For the six months ended 30 June 2016, the net loss attributable to owner was approximately HK$3.13 million (30 June 2015: HK$4.16 million). Loss per share was approximately 0.4 HK cent for the six months ended 30 June 2016.

Operational Review

a. Star-rated Hotel Operation

During the period, the Group's principal operation was subject to pressure given the slowdown in People's Republic of China's macro-economic growth, general downside in operating results and cyclical oversupply in the hotel industry of the People's Republic of China 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 the number of conventions held in the hotel, and the gradual realisation of the positive effect of the Free Trade Zone in Fujian, 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 2016 revenue from the Group's hotel was approximately HK$12.38 million (30 June 2015: HK$9.93 million), representing an increase of approximately 25% from the corresponding period.

For the period under review, the occupancy rate was approximately 46% (30 June 2015: 36%), representing an increase of approximately 28% from the corresponding period of last year. Average daily rate ("ADR") was approximately RMB255 (30 June 2015: RMB256 (restated)), representing a decrease of less than 1% 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 2016, together with comparative figures of 2015:

	30 June 2016		30 June 2015	
	HK$ in thousand	***% of revenue***	*HK$ in thousand*	*% of revenue*
Accommodation revenue	**4,974**	**40%**	4,827	48%
Catering	**3,673**	**30%**	2,534	26%
Rental revenue	**3,731**	**30%**	2,568	26%
	12,378	**100%**	9,929	100%

Accommodation revenue

The accommodation revenue was mainly determined by the number of available rooms, occupancy rate and ADR of the Group's hotel. During the period under review, the accommodation revenue of star-rated hotel was approximately HK$4.97 million, representing an increase of approximately 3% over the corresponding period of 2015. The Group's extensive efforts to upgrade the hotel facilities over the past year have started to pay off. Although construction was in progress, the occupancy rate still grew steadily, which again points to strong customer loyalty.

Rental revenue

In order to stabilize the income of the hotel operation, the hotel leased out the shopping centre in the Group's hotel. This contributed to approximately HK$3.73 million in rental revenue during the period under review, representing approximately 30% of the Group's revenue.

Catering revenue

The Group made a major effort to develop the catering business of its hotel, which generated revenue of approximately HK$3.67 million and represented approximately 30% of the Group's revenue.

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.

b. Hong Kong properties held by the Group

The occupancy rate for the properties of the Group in Hong Kong was nearly 100% during the period under review, which brought a steady rental income to the Group.

The rental income of the properties in Hong Kong was approximately HK$0.68 million, while the Group recorded approximately HK$0.69 million for the corresponding period of last year.

With the support of the stable Hong Kong economy growth, we are confident in delivering continued revenue growth in 2016. Rental reversion and stable occupancy will drive the revenue growth for the Group's properties.

Acquisition of investment property

Reference is made to the announcement of the Company dated 17 June 2016 and the circular dated 25 July 2016. Terms used hereinafter are defined in the aforementioned announcement and circular.

On 17 June 2016, Champ Profit Asia Investment Limited (the "Purchaser") (a wholly-owned subsidiary of the Company) and Hua Min Tourism Company Limited (the "Vendor") entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Offices A, C and D of 21st Floor, Wing On House, No. 71 Des Voeux Road, Central, Hong Kong at a Consideration of HK$148,000,000; and the Company, HC Technology Capital Company Limited (the "Subscriber"), the controlling Shareholder of the Company which beneficially holds 425,830,722 Shares, representing approximately 53.14% of the issued share capital of the Company , the Vendor and the Purchaser entered into the Subscription Agreement pursuant to which the parties agreed that the Consideration shall be satisfied by the allotment of 344,186,000 Shares by the Company to the Subscriber at the subscription price of HK$0.43 per subscription share; and the payment by the Purchaser to the Vendor of the remaining purchase price, being HK$20 in cash.

The Board considers that the above transfer would enlarge and diversify the Group's existing investment properties portfolio with high quality assets, strengthen the income and cash flow base of the Group and provide capital appreciation potential to the Group. The Group intends to hold the property for long-term investment purposes and rental income generation. The Board considers that the Subscription reflects the confidence and commitment of HC Technology, a controlling Shareholder, towards the long-term and sustainable development of the Company, and that the continuing support of the controlling Shareholder is crucial to ensure the business stability and long-term development of the Group.

c. Piano Manufacturing

The Group diversified its business into piano manufacturing by acquiring a 25% equity interest in Fuzhou Harmony Piano Co. Ltd. in 2005. This business interest has brought a steady profit to the Group for these few years. For the six months ended 30 June 2016, the interest in Harmony Piano contributed approximately HK$0.24 million (30 June 2015: approximately HK$0.33 million).

FORMATION OF JOINT VENTURE

Reference is made to the announcement of the Company date 23 August 2016. Terms used hereinafter are defined in the aforementioned announcement.

On 23 August 2016, the Company and FHIG (a controlling shareholder of the Company) entered into the Investment Agreement in respect of the establishment of the Joint Venture. The Company and FHIG have agreed to establish the Joint Venture. The registered capital of the Joint Venture will be RMB80 million, to which the Company and FHIG will contribute RMB40.8 million and RMB39.2 million, respectively. Upon the establishment of the Joint Venture, the Company and FHIG will hold 51% and 49%, respectively, of the equity interest in the Joint Venture. The contributions are to be paid in full within two years of the date of issuance of business license of the Joint Venture.

The total initial capital contribution of RMB80 million to the Joint Venture was determined by the parties after arm's length negotiations with reference to the minimum level of capital contribution required for the Joint Venture to be able to take advantage of the tax and financial benefits from the China (Fujian) Pilot Free Trade Zone (中國(福建)自由貿易試驗區).

The capital contribution on the part of the Company will be funded from the funds raised under the open offer of the Company conducted in 2015, details of which were disclosed in the Company's prospectus dated 28 July 2015.

The business scope of the Joint Venture is mainly tourism related leasing service within the Fujian Province, PRC, including but not limited to leasing of caravan compartments and cable car.

The Joint Venture shall engage in business for a term of 30 years, calculated from the date of issuance of business license of the Joint Venture.

The Directors believe that the establishment of the Joint Venture will allow the Group to take advantage of the economic benefits from the free trade zone in Fujian Province and to diversify the business of the Group to leasing of tourism related leasing service within the Fujian Province, PRC, including but not limited to caravan compartments and cable car, which would allow the Group to diversify its streams of income.

FUTURE DEVELOPMENT

Improved customer services and better hotel facilities are core competitive advantages to seize the growth opportunity in local tourism and restaurant industries. 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 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, tourism industry and tourism related services in China. 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 seek investment opportunities in tourist related and other business areas and to integrate the industry chains of hotel, tourism and other businesses. 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 30 June 2016, the total share capital of the Company was HK$747,839,049 divided into 801,360,000 ordinary shares.

In 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 and announcement dated 18 August 2015.

The net proceeds of approximately of HK$104.37 million will be used to finance suitable investment opportunities that will benefit the Group in the long-term. As at the report date, the Company has not identified any suitable potential investment opportunities. As at 30 June 2016, the net proceeds mentioned above were deposited in the banks.

Gearing ratio

For the period ended 30 June 2016, the gearing ratio (non-current liability divided by the sum of total equity and non-current liability and multiplied by 100%) of the Group was 2.02% (31 December 2015: 1.97%).

Exposure to fluctuation in exchange rate and related hedges

There had 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$”) and in Renminbi (RMB). The Group is exposed to foreign currency risk due to the exchange rate fluctuation of RMB against HK$. Moderate fluctuation of RMB against HK$ was expected, the Group considered the foreign currency risk exposure is acceptable. 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.

Capital Commitments

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Capital expenditure in respect of the acquisition of plant, machinery and equipment:	**2,795,335**	2,585,760

Liquidity and Financial Resources

As at 30 June 2016, the Group had cash and cash equivalents balance of approximately HK$115.86 million (31 December 2015: HK$127.32 million). The Group's net asset value (assets less liabilities) was approximately HK$231.31 million (31 December 2015: HK$234.85 million), with a liquidity ratio (ratio of current assets to current liabilities) of 13.02 (31 December 2015: 15.64). During the period under review, there was no material change in the Group's funding and treasury policy. The Directors do not expect the Company to experience any problem with liquidity and financial resources in the foreseeable future.

Charge on Assets

As at 30 June 2016, the Group had not charged any of its assets.

Continuing Connected Transactions

Details of the continuing connected transactions of the Group during the Period are set out in Note 19 to the Group condensed consolidated interim financial statement.

Connected Transaction

Reference is made to the announcement of the Company dated 17 June 2016 and the circular dated 25 July 2016. Terms used hereinafter are defined in the above announcement and circular.

On 17 June 2016 Champ Profit Asia Investment Limited (the "Purchaser") (a wholly-owned subsidiary of the Company) and Hua Min Tourism Company Limited (the "Vendor") entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Offices A, C and D of 21st Floor, Wing On House, No. 71 Des Voeux Road, Central, Hong Kong at a Consideration of HK$148,000,000; and the Company, HC

Technology Capital Company Limited (the "Subscriber") (the controlling Shareholder of the Company which beneficially holds 425,830,722 Shares, representing approximately 53.14% of the issued share capital of the Company), the Vendor and the Purchaser entered into the subscription agreement pursuant to which the parties agreed that the Consideration shall be satisfied by the allotment of 344,186,000 Shares by the Company to the Subscriber at the subscription price of HK$0.43 per subscription share; and the payment by the Purchaser to the Vendor of the remaining purchase price, being HK$20 in cash.

Fujian Tourism Development Group Company Limited ("FTDC"), through the Subscriber and Pinoge Company Limited (being wholly-owned subsidiaries of FTDC, held 433,882,772 Shares (representing approximately 54.14% of the issued share capital of the Company). In addition, FTDC, through Fujian Tourism Investment Group Company Limited, its wholly-owned subsidiary, held 100% issued share capital of the Vendor. As such, the Vendor and the Subscriber are connected persons of the Company. As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the transfer exceed 25% but below 100%, the transfer constitutes a major and connected transaction of the Company subject to the reporting, announcement, circular and the independent shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

The above transfer and the specific mandate were approved at the extraordinary general meeting dated 11 August 2016 and completed on 22 August 2016.

Significant Investments

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

Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures

The Group had no material acquisition and disposal of subsidiaries, associates or joint ventures during the Period.

Contingent Liability

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

Events after the reporting period

Details of the events after the Period are set out in Note 20 to the Group's condensed interim consolidated financial statements and the section headed "Management Discussion and Analysis" mentioned above.

Human Resources

As at 30 June 2016, 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.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor its subsidiaries have purchased, sold or redeemed any of the Company's listed securities during the Period.

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 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.

The Company had fully complied throughout the period under review with the code provisions in the Corporate Governance 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").

In the opinion of the Directors, the Company has met all code provisions as set out in the Code during the year ended 30 June 2016.

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 had complied with the requirements set out in the Model Code for the six months ended 30 June 2016.

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 Period. Each Committee meeting was provided with necessary financial information of the Group for consideration, review and assessment of major issues.

REVIEW OF ACCOUNTS

The Audit Committee has reviewed the interim financial results for the Period. The Audit Committee considers the financial statement to in compliance with the appropriate financial standards and regulations and sufficient disclosure has been made.

The unaudited interim financial report for the six months ended 30 June 2016 was approved by the Board for issue on 23 August 2016.

PUBLICATION OF INFORMATION ON WEBSITES

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 2016 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, 23 August 2016

As at the date of this announcement, the existing board of Directors comprises nine Directors, including three executive Directors, namely Mr. Wang Xiaowu, Ms. Chen Danyun and Mr. Chen Yang, three non-executive Directors, namely Mr. Feng Qiang and Mr. Zhang Fan and Mr. Wang Ruilian and three independent non-executive Directors, namely Mr. Lam Kwong Siu, Mr. Leung Hok Lim and Mr. Ng Man Kung.