FUJIAN HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00181)

ANNOUNCEMENT
INTERIM RESULTS FOR THE PERIOD ENDED 30 JUNE 2018

FINANCIAL HIGHLIGHT

	Six months ended 30 June 2018 *HK$*	Six months ended 30 June 2017 *HK$*
• Revenue	**17,867,957**	16,994,340
• Profit attributable to owners of the Company	**1,078,522**	363,002
• Profit per share		
— Basic and diluted *(HK cents per Share)*	**0.09**	0.03

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 2018 (the "Period") together with the unaudited comparative figures for the corresponding period in 2017 as follows:

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period from 1 January 2018 to 30 June 2018 (in HK Dollars)

	Note	**30 June 2018 (Unaudited)**	30 June 2017 (Unaudited)
Revenue	*3*	**17,867,957**	16,994,340
Other income	*5*	**153,649**	1,442,312
Other gains and losses	*6*	**483,349**	(407,356)
Employee benefits expense		**(7,032,967)**	(6,110,247)
Depreciation		**(2,193,850)**	(2,486,669)
Amortisation of prepaid lease payment		**(937,003)**	(937,003)
Share of results of associates		**1,717,575**	154,339
Other operating expenses		**(8,599,259)**	(7,802,222)
Profit before tax		**1,459,451**	847,494
Income tax expense	*7*	**(380,929)**	(113,524)
Profit for the period	*8*	**1,078,522**	733,970
Other comprehensive (expense)/income:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		**(227,543)**	1,188,607
Reclassification adjustment of translation reserve upon deemed disposal of a subsidiary		**—**	1,192,413
Other comprehensive (expenses)/income for the period, net of tax		**(227,543)**	2,381,020
Total comprehensive income for the period		**850,979**	3,114,990

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the period from 1 January 2018 to 30 June 2018 (in HK Dollars)

	Note	**30 June 2018 (Unaudited)**	30 June 2017 (Unaudited)
Profit for the period attributable to:			
Owners of the Company		**1,078,522**	363,002
Non-controlling interests		**—**	370,968
		1,078,522	733,970
Total comprehensive income attributable to:			
Owners of the Company		**850,979**	3,877,481
Non-controlling interests		**—**	(762,491)
		850,979	3,114,990
Earnings per share			
Basic (HK cents per share)	*9*	**0.09**	0.03
Diluted (HK cents per share)	*9*	**0.09**	0.03

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

At 30 June 2018 (in HK Dollars)

	Notes	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Non-current assets			
Property, plant and equipment	*11*	**28,873,739**	29,888,237
Prepaid lease payment	*12*	**13,898,878**	14,835,881
Investment properties	*13*	**223,300,000**	223,300,000
Interests in associates		**101,357,556**	99,639,981
Deferred tax assets		**1,894,269**	1,894,269
		369,324,442	369,558,368
Current assets			
Inventories	*14*	**244,671**	196,728
Trade and other receivables	*15*	**1,824,832**	2,176,582
Cash and bank balances		**44,251,952**	44,276,066
		46,321,455	46,649,376
Current liabilities			
Trade and other payables	*16*	**8,879,301**	9,656,595
Tax payable		**350,364**	1,016,460
		9,229,665	10,673,055
Net current assets		**37,091,790**	35,976,321
Total assets less current liabilities		**406,416,232**	405,534,689
Capital and reserves			
Share capital	*17*	**898,839,029**	898,839,029
Reserves		**(496,730,026)**	(497,581,005)
Equity attributable to owners of the Company and total equity		**402,109,003**	401,258,024
Non-current liabilities			
Deferred tax liabilities		**4,307,229**	4,276,665
		406,416,232	405,534,689

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the period from 1 January 2018 to 30 June 2018 (in HK Dollars)

	Attributable to owners of the Company			
	Share capital	**Translation reserve**	**Accumulated losses**	**Total**
At 1 January 2018 (audited)	**898,839,029**	**(2,679,259)**	**(494,901,746)**	**401,258,024**
Profit for the period	**—**	**—**	**1,078,522**	**1,078,522**
Other comprehensive expense for the period	**—**	**(227,543)**	**—**	**(227,543)**
Total comprehensive income/(expense) for the period	**—**	**(227,543)**	**1,078,522**	**850,979**
At 30 June 2018 (unaudited)	**898,839,029**	**(2,906,802)**	**(493,823,224)**	**402,109,003**

	Attributable to owners of the Company					
	Share capital	Translation reserve	Accumulated losses	Sub-total	Attributable to non-controlling interests	Total
At 1 January 2017 (audited)	898,839,029	(10,417,162)	(502,848,863)	385,573,004	43,702,033	429,275,037
Profit for the period	—	—	363,002	363,002	370,968	733,970
Other comprehensive income/ (expense) for the period	—	3,514,479	—	3,514,479	(1,133,459)	2,381,020
Deemed disposal of a subsidiary	—	—	—	—	(42,939,542)	(42,939,542)
Total comprehensive income/ (expense) for the period	—	3,514,479	363,002	3,877,481	(43,702,033)	(39,824,552)
At 30 June 2017 (unaudited)	898,839,029	(6,902,683)	(502,485,861)	389,450,485	—	389,450,485

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period from 1 January 2018 to 30 June 2018 (in HK Dollars)

1. GENERAL

Fujian Holdings Limited (the "Company") is incorporated in Hong Kong as a public limited company and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its immediate holding company is HC Technology Capital Company Limited, a company incorporated in the British Virgin Islands and its ultimate holding company is Fujian Tourism Development Group Company Limited ("FTDC"), a state-owned corporation in the People's Republic of China (the "PRC"). The addresses of the registered office and principal place of business of the Company is Room 3306–08, 33/F, West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong.

The principal activities of the Company and its subsidiaries (collectively referred to as the "Group") are investment holding, property investment in Hong Kong and hotel operations in the PRC.

2. BASIS OF PREPARATION

These unaudited interim condensed consolidated financial statements are prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2017.

The accounting policies and the basis of preparation adopted in the preparation of these unaudited interim condensed consolidated financial statements are consistent with those adopted in the Group's annual financial statements for the year ended 31 December 2017, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include HKASs and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance.

On 1 January 2018, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**"), amendments and interpretations that are effective from that date and are relevant to its operations. The adoption of these new/revised HKFRSs, amendments and interpretations does not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior period.

These unaudited interim condensed consolidated financial statements have been prepared under the historical cost convention, except for investment properties and derivative financial instruments, which have been measured at fair value.

These unaudited interim condensed consolidated financial statements are presented in Hong Kong dollars ("HK$").

3. REVENUE

	30 June 2018 (Unaudited)	30 June 2017 (Unaudited)
Gross rental income from letting of investment properties	**2,670,167**	3,013,037
Revenue from hotel operations	**15,197,790**	13,981,303
	17,867,957	16,994,340

4. SEGMENT INFORMATION

Information reported to the Board of Directors of the Company, being the chief operating decision maker ("CODM"), 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 2018 (Unaudited)	30 June 2017 (Unaudited)	**30 June 2018 (Unaudited)**	30 June 2017 (Unaudited)	**30 June 2018 (Unaudited)**	30 June 2017 (Unaudited)
REVENUE						
Revenue from external customers	**2,670,167**	3,013,037	**15,197,790**	13,981,303	**17,867,957**	16,994,340
Segment profit before depreciation amortisation and others	**2,529,300**	2,980,571	**3,767,453**	3,854,516	**6,296,753**	6,835,087
Depreciation	**—**	—	**(2,147,022)**	(2,441,906)	**(2,147,022)**	(2,441,906)
Amortisation	**—**	—	**(937,003)**	(937,003)	**(937,003)**	(937,003)
Segment results	**2,529,300**	2,980,571	**683,428**	475,607	**3,212,728**	3,456,178
Unallocated income/(expenses)					**(36,696)**	1,766,763
Central administration costs					**(3,434,156)**	(3,203,343)
Deemed disposal of a subsidiary					**—**	(1,326,443)
Share of results of associates					**1,717,575**	154,339
Profit before tax					**1,459,451**	847,494
Income tax expense					**(380,929)**	(113,524)
Profit for the period					**1,078,522**	733,970

Segment revenue as reported above represents revenue generated from external customers. There were no inter-segment sales in the current period (30 June 2017: nil).

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of bank interest income and other unallocated income/(expense), corporate administration costs including director's remuneration, share of profit/(loss) of associates and income tax (expense)/credit. This is the measure reported to the CODM 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 2018 (Unaudited)	31 December 2017 (Audited)	**30 June 2018 (Unaudited)**	31 December 2017 (Audited)	**30 June 2018 (Unaudited)**	31 December 2017 (Audited)
Assets						
Segment assets	**235,027,511**	235,678,209	**77,310,763**	78,938,165	**312,338,274**	314,616,374
Interest in an associate					**101,357,556**	99,639,981
Unallocated corporate assets					**1,950,067**	1,951,389
Consolidated total assets					**415,645,897**	416,207,744
Liabilities						
Segment liabilities	**(1,599,782)**	(1,345,047)	**(6,870,302)**	(8,461,932)	**(8,470,084)**	(9,806,979)
Unallocated corporate liabilities					**(5,066,810)**	(5,142,741)
Consolidated total liabilities					**(13,536,894)**	(14,949,720)

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

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 Mainland and Hong Kong.

Information about the Group's revenue from external customers is presented based an the location of the operations. Information about the Group's non-current assets are present based on the geographical location of asset are detailed below:

	Revenue from external customers	
	30 June 2018 (Unaudited)	30 June 2017 (Unaudited)
Mainland	**15,197,790**	13,981,303
Hong Kong	**2,670,167**	3,013,037
	17,867,957	16,994,340

5. OTHER INCOME

	30 June 2018 (Unaudited)	30 June 2017 (Unaudited)
Bank interest income	**63,484**	207,782
Consultancy income	**—**	189,073
Finance lease interest income	**—**	974,200
Others	**90,165**	71,257
	153,649	1,442,312

6. OTHER GAINS AND LOSSES

	30 June 2018 (Unaudited)	30 June 2017 (Unaudited)
Deemed disposal of a subsidiary	**—**	(1,326,443)
Gain arising on change in fair value of financial assets designated at fair value through profit or loss	**576,275**	297,689
Net foreign exchange (losses)/gains	**(88,559)**	621,398
Others	**(4,367)**	—
	483,349	(407,356)

7. INCOME TAX EXPENSE

	30 June 2018 (Unaudited)	30 June 2017 (Unaudited)
Current tax — PRC	**(350,364)**	(252,277)
Deferred tax		
Current period	**(30,565)**	138,753
Income tax expense	**(380,929)**	(113,524)

Hong Kong Profits Tax is calculated at 16.5% (30 June 2017: 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 and its Hong Kong subsidiaries did not have any assessable profits for the period (30 June 2017: Nil).

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

8. PROFIT FOR THE PERIOD

	30 June 2018 (Unaudited)	30 June 2017 (Unaudited)
Profit for the period has been arrived at after charging/(crediting):		
Gross rental income from investment properties	**(2,670,167)**	(3,013,037)
Less: Direct operating expenses that generated rental income during the period	**140,867**	32,466
	(2,529,300)	(2,980,571)
Depreciation of hotel property	**1,224,531**	1,224,531
Depreciation of other property, plant and equipment	**969,319**	1,262,138
	2,193,850	2,486,669
Amortisation of prepaid lease payment	**937,003**	937,003
Total depreciation and amortisation	**3,130,853**	3,423,672
Salaries and other benefits (including directors' remunerations)	**6,582,496**	5,700,913
Retirement benefit scheme contributions	**450,471**	409,334
Staff costs	**7,032,967**	6,110,247
Share of tax of associates (included in share of results of associates)	**568,016**	44,851

9. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share of the Company is based on the unaudited consolidated net profit attributable to the owner of the Company of HK$1,078,522 (30 June 2017: HK$363,002), on 1,145,546,000 ordinary shares in issue during the period.

The diluted earnings per share for the respective periods are the same as basic earnings per share as there are no potential ordinary shares in issue for the respective period.

10. INTERIM DIVIDEND

The Board has resolved not to recommend the payment of an interim dividend for the period (30 June 2017: 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 2017 (audited)	92,391,462	3,194,194	18,182,056	6,038,037	119,805,749
Additions	—	5,682	—	163,213	168,895
Disposal and write-off	—	—	—	(129,701)	(129,701)
Exchange adjustments	—	221,165	1,259,182	414,016	1,894,363
At 31 December 2017 and 1 January 2018 (audited)	92,391,462	3,421,041	19,441,238	6,485,565	121,739,306
Additions	—	—	900,783	367,495	1,268,278
Written off	—	—	(22,154)	(17,141)	(39,295)
Exchange adjustments	—	(28,838)	(163,918)	(54,209)	(246,965)
As at 30 June 2018	92,391,462	3,392,203	20,155,949	6,781,710	122,721,324
Depreciation and impairment					
At 1 January 2017 (audited)	70,553,979	2,219,525	9,362,144	3,717,068	85,852,716
Provided for the year	2,449,064	216,065	1,792,790	489,531	4,947,450
Eliminated on disposal and write-off	—	—	—	(94,714)	(94,714)
Exchange adjustments	—	161,538	715,933	268,146	1,145,617
At 31 December 2017 and 1 January 2018 (audited)	73,003,043	2,597,128	11,870,867	4,380,031	91,851,069
Provided for the period	1,224,531	69,060	719,001	181,258	2,193,850
Eliminated on written off	—	—	(21,233)	(13,714)	(34,947)
Exchange adjustments	—	(22,174)	(103,011)	(37,202)	(162,387)
As at 30 June 2018	74,227,574	2,644,014	12,465,624	4,510,373	93,847,585
Net carrying amounts as at 30 June 2018	18,163,888	748,189	7,690,325	2,271,337	28,873,739
As at 31 December 2017 (audited)	19,388,419	823,913	7,570,371	2,105,534	29,888,237

12. PREPAID LEASE PAYMENT

COST	
At 1 January 2017, 31 December 2017, 1 January 2018 and 30 June 2018	86,000,000
AMORTISATION AND IMPAIRMENT	
At 1 January 2017	69,290,112
Amortisation for the year	1,874,007
At 31 December 2017 and at 1 January 2018	71,164,119
Amortisation for the period	937,003
At 30 June 2018	72,101,122
NET CARRYING AMOUNT	
At 30 June 2018	13,898,878
At 31 December 2017	14,835,881

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 2017 and at 30 June 2018	223,300,000

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.

14. INVENTORIES

	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Consumables	**244,671**	196,728

15. TRADE AND OTHER RECEIVABLES

	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Trade receivables	**1,181,193**	1,372,472
Less: Allowance for doubtful debts	**(104,073)**	(75,110)
	1,077,120	1,297,362
Other receivables, utility deposits and prepayments	**14,196,383**	14,455,531
Less: Allowance for doubtful debts	**(13,448,671)**	(13,576,311)
	747,712	879,220
Total trade and other receivables	**1,824,832**	2,176,582

The Group allows an average credit period of 45 days (31 December 2017: 45 days) to its trade customers. The following is an aged analysis of trade receivables net of allowance for doubtful debt presented based on the invoice dates at the end of the reporting period.

	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Current to six months	**1,068,122**	1,295,327
Over six months and within one year	**18**	—
Over one year	**8,980**	2,035
	1,077,120	1,297,362

Included in the Group's trade receivable balances are debtors with aggregate amount of HK$8,998 (31 December 2017: HK$2,035) which are past due as at the end of the reporting date for which the Group has not provided for impairment loss.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

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

	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Past due but not impaired		
Over six months and within one year	**18**	—
Over one year	**8,980**	2,035
	8,998	2,035

16. TRADE AND OTHER PAYABLES

	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Trade payables	**1,133,211**	1,317,857
Other payables	**7,746,090**	8,338,738
Total trade and other payables	**8,879,301**	9,656,595

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

	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Current to six months	**952,498**	1,157,065
Over six months and within one year	**25,443**	4,207
Over one year	**155,270**	156,585
	1,133,211	1,317,857

The average credit period is 60 days (2017: 60 days).

17. SHARE CAPITAL

	Number of shares	HK$
Issued and fully paid		
At 1 January 2017, 31 December 2017 and 30 June 2018	1,145,546,000	898,839,029

18. APPROVAL OF THE INTERIM FINANCIAL STATEMENT

These condensed interim financial statements were approved and authorised for issue by the Directors on 24 August 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the six months ended 30 June 2018, the Group recorded net profit attributable to owners of the Company of approximately HK$1.08 million (30 June 2017: HK$0.36 million). The Group's substantial growth in net profit is mainly attributable to (i) the increase of approximately 9% in revenue from hotel operations for the period ended 30 June 2018 as compared to the revenue from hotel of approximately HK$15.20 million for the six months ended 30 June 2017 and (ii) increase in profit contribution from associated company during the year.

The turnover of the Group for the Six month ended 30 June 2018 amounted to approximately HK$17.87 million, representing an increase of approximately 5% from approximately HK$16.99 million in the corresponding period of previous year. The increase is mainly due to the increase in business volume of star-rated hotel operation during the year under review.

Given our good balance sheet status and cash generation ability, our financial position continues to be strong. As at 30 June 2018, the gearing ratio (divided non-current liabilities by equity plus non-current liabilities multiple by 100 which results in percentage) of the Group was 1.06% (31 December 2017: 1.05%).

Operational Review

a. Star-rated Hotel Operation

Star-rated hotel operation is the main source of revenue for the Group. For the six months ended 30 June 2018, revenue from the Group's hotel was approximately HK$15.20 million (30 June 2017: HK$13.98 million), representing an increase of approximately 9% from the corresponding period.

For the period under review, the occupancy rate was approximately 73% (30 June 2017: 64%), representing an increase of approximately 14% from the corresponding period of last year. Average daily rate ("ADR") was approximately RMB290 (30 June 2017: RMB272), representing an increase of approximately 7% over the corresponding period of last year.

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 2018, together with comparative figures of 2017:

	30 June 2018		30 June 2017	
	HK$ in thousand	***% of revenue***	*HK$ in thousand*	*% of revenue*
Accommodation revenue	**8,820**	**58%**	6,687	48%
Rental revenue	**1,873**	**12%**	3,069	22%
Catering	**3,844**	**25%**	3,768	27%
Others	**661**	**5%**	457	3%
	15,198	**100%**	13,981	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$8.82 million, representing an increase of approximately 32% over the corresponding period of 2017. Which is mainly due to an increase of occupancy rate and ADR during the period ended 30 June 2018.

Rental revenue

In order to stabilize the income of the hotel operation, the hotel leased out venues available in the Group's hotel. This contributed to approximately HK$1.87 million in rental revenue during the period under review, representing approximately 12% 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.

Catering revenue

The Group made a major effort to develop the catering business of its hotel, which generated revenue of approximately HK$3.84 million and represented approximately 25% of the Group's revenue for the period under review.

b. Hong Kong properties held by the Group

All properties in Hong Kong held by the Group were nearly full rented out 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$2.67 million during the period under review. The decrease is mainly due to certain units being vacant during the period under review and searching for new tenants with better return. Such units were leased out in July this year. The Group recorded approximately HK$3.01 million for the corresponding period of last year.

With the support of the stable Hong Kong economy growth, rental reversion and stable occupancy will drive the 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 Fuzhou Harmony Piano Co. Ltd. (福州和聲鋼琴股份有限公司) ("Harmony Piano") in 2005. For the six months ended 30 June 2018, the interest in Harmony Piano contributed approximately HK$20,000 profit during the period under review. (30 June 2017: approximately HK$60,000).

FINANCE LEASING

As previously reported on 2017 Annual Report, given that relatively large amounts of capital are required in the finance leasing business, the Board believes that the increase of capital of the Joint Venture Fujian Huamin Financial Leasing Co. Ltd. (福建華閩融資租賃有限公司) ("Joint Venture") to RMB170 million pursuant to the Capital Increase Agreement can further expand and develop the finance leasing business of the Joint Venture, which would diversify the income streams of the Group and increase the profitability of the Group.

According to the Capital Increase Agreement mentioned above, the Company and Fujian Huamin Industrial Group Company Limited (福建華閩實業(集團)有限公司) ("FHIG") shall contribute RMB27.2 million and RMB62.8 million to the increase in capital of the Joint Venture, respectively. Upon the completion of the subscription, the total capital contributions of the Company and FHIG to the Joint Venture would be increased to RMB68 million and RMB102 million, representing 40% and 60% of the registered capital of the Joint Venture, respectively.

Upon the completion of the transactions under the Capital Increase Agreement mentioned above, the Company and FHIG held 40% and 60% of the equity interest in the Joint Venture, respectively, and the Joint Venture will cease to be a subsidiary of the Company and become an associate of the Company.

For the six months ended 30 June 2018, the interest in joint venture contributed approximately HK$1.69 million profit for the period.

TREASURY MANAGEMENT AND CASH FUNDING

The Group's funding and treasury policy is designed to maintain a diversified and balanced debt profile and financing structure. The Group continues to monitor its cash flow position and debt profile, and to enhance the cost-efficiency of funding initiatives by its centralized treasury function. In order to maintain financial flexibility and adequate liquidity for the Group's operations, potential investments and growth plans, the Group has built a strong base of funding resources and will keep exploring cost-efficient ways of financing.

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. In July this year, the hotel began to implement a professional manager system so as to further enhancing sales force regarding guest room, 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 mainland. Well-positioned to address these challenges and take these development opportunities, the Group remains fully confident in its future development.

The Group will strive to seize the opportunity presented by the reform of state-Owned assets, give full play to the strengths of FTDC as "Top 20 advantage Tourism Group in China" and seek investment opportunities in tourist related and other business areas, accelerate the reform in the area of institutional mechanisms, integrate the industry chains of hotel, tourism and other businesses, together with effectively improve the asset liquidity of the Company, so as to further increase our overall asset return and diversify the income streams and business of the Group, and further increase our overall asset return and enterprise value.

FINANCIAL REVIEW

Capital structure of the Group

As at 30 June 2018, the total share capital was HK$898,839,029 divided into 1,145,546,000 ordinary shares.

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.

We have cash and cash equivalent balances denominated in various currencies. The following is a breakdown of our cash and cash equivalent balances by currency as at the end of each period/year:

	30 June 2018	31 December 2017
	(Unaudited)	*(Audited)*
Cash and cash equivalents denominated in RMB (in thousands)	**33,025**	32,298
Cash and cash equivalents denominated in Hong Kong dollars HK$ (in thousands)	**11,227**	11,978

Liquidity and Financial Resources

As at 30 June 2018, the Group had cash and cash equivalents balance of approximately HK$44.25 million (31 December 2017: HK$44.28 million). The Group's net asset value (assets less liabilities) was approximately HK$402.11 million (31 December 2017: HK$401.26 million), with a liquidity ratio (ratio of current assets to current liabilities) of 5.28 (31 December 2017: 4.37). 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 2018, the Group did not charged any of its assets.

Bank Loans and Other Borrowings

There were no outstanding bank loan and other borrowings by the Company and the Group as at 30 June 2018 (31 December 2017: Nil).

Capitalised Borrowing Costs

No borrowing costs were being capitalised during the period ended 30 June 2018 (30 June 2017: Nil).

Significant Investments

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 and affiliated company 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 2018, the Group had approximately 136 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 2018.

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 2018.

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 2018 was approved by the Board for issue on 24 August 2018.

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 2018 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
Chen Yangbiao
Chairman

Hong Kong, 24 August 2018

As at the date of this announcement, the existing board of Directors comprises nine Directors, including three executive Directors, namely Mr. Chen Yangbiao, Ms. Chen Danyun and Mr. Chen Yang, three non-executive Directors, namely Mr. Feng Qiang, 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.