FUJIAN HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00181)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

FINANCIAL HIGHLIGHT

	2019	2018
	HK$'000	*HK$'000*
Revenue	**42,005**	39,146
Profit attributable to owners of the Company	**9,462**	9,416
Earnings per share		
Basic *(HK cents per share)*	**0.83**	0.82
Diluted *(HK cents per share)*	**0.83**	0.82

RESULTS

On behalf of the Board of Directors (the "Board") of Fujian Holdings Limited (the "Company"), I hereby present the consolidated results of the Company and its subsidiaries (collectively referred to the "Group") for the year ended 31 December 2019, together with the comparative figures for the year ended 31 December 2018 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019 (in HK Dollars)

	Notes	**2019**	2018
Revenue	4	**42,004,603**	39,145,938
Other income	6	**358,199**	419,420
Other gains and losses	7	**5,823,686**	7,739,561
Employee benefits expense		**(16,238,550)**	(14,542,537)
Depreciation of property, plant and equipment		**(4,224,056)**	(4,755,982)
Depreciation of right-of-use assets		**(3,025,324)**	—
Finance costs		**(87,227)**	—
Amortisation of prepaid lease payment		**—**	(1,874,007)
Share of profit of associates		**3,315,217**	3,119,734
Other operating expenses		**(17,707,280)**	(18,478,924)
Profit before tax		**10,219,268**	10,773,203
Income tax expense	8	**(757,246)**	(1,357,559)
Profit for the year attributable to owners of the Company	9	**9,462,022**	9,415,644
Other comprehensive expense attributable to owners of the Company			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(2,720,951)**	(6,260,932)
Other comprehensive expense for the year attributable to owners of the Company, net of income tax		**(2,720,951)**	(6,260,932)
Total comprehensive income for the year attributable to owners of the Company		**6,741,071**	3,154,712
Earnings per share			
Basic (HK cents per share)	10	**0.83**	0.82
Diluted (HK cents per share)	10	**0.83**	0.82

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019 (in HK Dollars)

	Notes	**2019**	2018
Non-current assets			
Property, plant and equipment		**21,836,468**	26,039,356
Right-of-use assets		**14,081,290**	—
Prepaid lease payment		**—**	12,961,874
Investment properties		**235,300,000**	230,300,000
Interest in associates		**99,244,445**	97,857,873
Deferred tax assets		**1,886,819**	1,886,819
		372,349,022	369,045,922
Current assets			
Inventories		**332,289**	273,071
Trade and other receivables	11	**1,653,809**	1,738,815
Cash and bank balances		**55,966,829**	49,541,745
		57,952,927	51,553,631
Current liabilities			
Trade and other payables	12	**12,120,533**	11,487,862
Lease liabilities		**1,374,614**	—
Tax payable		**655,792**	615,836
		14,150,939	12,103,698
Net current assets		**43,801,988**	39,449,933
Total assets less current liabilities		**416,151,010**	408,495,855
Capital and reserves			
Equity attributable to owners of the Company			
Share capital	13	**898,839,029**	898,839,029
Reserves		**(487,685,222)**	(494,426,293)
Total equity		**411,153,807**	404,412,736
Non-current liabilities			
Lease liabilities		**1,654,353**	—
Deferred tax liabilities		**3,342,850**	4,083,119
		4,997,203	4,083,119
		416,151,010	408,495,855

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019 (in HK Dollars)

1. BASIS OF PREPARATION

Statement of compliance

The financial information relating to the years ended 31 December 2019 and 2018 included in this preliminary announcement of annual results does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2018 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622) and will deliver the consolidated financial statements for the year ended 31 December 2019 in due course.

The Company's auditor has reported on the consolidated financial statements of the Group for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by the way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance (Cap. 622).

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Group has not applied any new standards or interpretations that are not yet effective for the current accounting year.

2. 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.

The consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

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

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3.1 HKFRS 16 *Leases*

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 *Leases* ("HKAS 17"), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

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

3.1 HKFRS 16 *Leases* (continued)

As a lessee (continued)

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application.

The following is the reconciliation of operating lease commitments as at 31 December 2018 to the lease liabilities as at 1 January 2019:

	At 1 January 2019 HK$
Operating lease commitments disclosed as at 31 December 2018	**223,525**
Less: Practical expedient — leases with lease term ending within 12 months from the date of initial application	**(223,525)**
Lease liabilities relating to operating leases recognised upon application of HKFRS 16 as at 1 January 2019	**—**

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

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

3.1 HKFRS 16 *Leases* (continued)

As a lessee (continued)

The carrying amount of right-of-use assets for own use as at 1 January 2019 comprises the following:

	Right-of-use assets HK$
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	—
Reclassified from prepaid lease payments *(note)*	12,961,874
	12,961,874

Note: Prepayments for rental of land were classified as prepaid lease payments as at 31 December 2018. Upon application of HKFRS 16, the non-current portion of prepaid lease payments amounting to HK$12,961,874 were reclassified to right-of-use assets.

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

(i) Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at 1 January 2019. The application has had no impact on the Group's consolidated statement of financial position at 1 January 2019. However, effective 1 January 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

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

3.1 HKFRS 16 *Leases* (continued)

As a lessor (continued)

(ii) Before application of HKFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which HKAS 17 applied under trade and other payables. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right-of-use assets and were adjusted to reflect the discounting effect at transition.

(iii) Effective on 1 January 2019, the Group has applied HKFRS 15 *Revenue from Contracts with Customers* ("HKFRS 15") to allocate consideration in the contract to each lease and non-lease components. The change in allocation basis has had no material impact on the consolidated financial statements of the Group for the current year.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2018 HK$	Adjustments HK$	Carrying amounts under HKFRS 16 at 1 January 2019 HK$
Non-current assets			
Right-of-use assets	—	12,961,874	**12,961,874**
Prepaid lease payment	12,961,874	(12,961,874)	**—**

For the purpose of reporting cash flows from operating activities under indirect method for the year ended 31 December 2019, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 January 2019 as disclosed above.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but not yet effective:

HKFRS 17	Insurance Contracts[1]
Amendments to HKFRS 3	Definition of a Business[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1 and HKAS 8	Definition of Material[4]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[4]

1 *Effective for annual periods beginning on or after 1 January 2021.*
2 *Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.*
3 *Effective for annual periods beginning on or after a date to be determined.*
4 *Effective for annual periods beginning on or after 1 January 2020.*

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, *the Amendments to References to the Conceptual Framework in HKFRS Standards*, will be effective for the annual periods beginning on or after 1 January 2020.

The directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

4. REVENUE

An analysis of revenue is as follows:

	2019	2018
Revenue from other sources		
— Gross rental income	**7,162,074**	5,916,719
Revenue from contract with customers		
— Hotel operations	**34,842,529**	33,229,219
	42,004,603	39,145,938

5. SEGMENT REPORTING

Information reported to the Board of Directors of the Company, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of services provided.

The Group's operating and reportable segments under HKFRS 8 are as follows:

Property investment — the rental of investment properties

Hotel operations — the operation of hotel

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segments:

	Property investment		Hotel operations		Total	
	2019	2018	**2019**	2018	**2019**	2018
REPORTABLE SEGMENT REVENUE						
Revenue from external customers	**7,162,074**	5,916,719	**34,842,529**	33,229,219	**42,004,603**	39,145,938
REPORTABLE SEGMENT RESULT						
Segment result before other gains and losses:	**7,015,099**	5,487,237	**4,220,440**	2,852,493	**11,235,539**	8,339,730
Net increase in fair value of investment properties	**5,000,000**	7,000,000	**—**	—	**5,000,000**	7,000,000
Segment result	**12,015,099**	12,487,237	**4,220,440**	2,852,493	**16,235,539**	15,339,730
Unallocated income/(expense)					**11,194**	(343,861)
Finance costs					**(87,227)**	—
Corporate administration costs					**(9,255,455)**	(7,342,400)
Share of profit of associates					**3,315,217**	3,119,734
Profit before tax					**10,219,268**	10,773,203
Income tax expense					**(757,246)**	(1,357,559)
Profit for the year					**9,462,022**	9,415,644

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2018: 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 of associates and income tax expense. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

5. SEGMENT REPORTING (CONTINUED)

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		Total	
	2019	2018	**2019**	2018	**2019**	2018
ASSETS						
Segment assets	**247,368,512**	242,489,956	**78,754,730**	78,311,355	**326,123,242**	320,801,311
Interest in associates					**99,244,445**	97,857,873
Unallocated corporate assets					**4,934,262**	1,940,369
Consolidated total assets					**430,301,949**	420,599,553
LIABILITIES						
Segment liabilities	**(2,770,566)**	(2,679,827)	**(9,178,162)**	(8,587,347)	**(11,948,728)**	(11,267,174)
Unallocated corporate liabilities					**(7,199,414)**	(4,919,643)
Consolidated total liabilities					**(19,148,142)**	(16,186,817)

All assets are allocated to operating segments other than interest in associates, deferred tax assets and certain cash and bank balances.

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		Total	
	2019	2018	**2019**	2018	**2019**	2018
Other segment information						
Additions to non-current assets	**57,100**	–	**159,849**	1,316,062	**216,949**	1,316,062
Depreciation of property, plant and equipment	**34,281**	93,656	**4,189,775**	4,662,326	**4,224,056**	4,755,982
Depreciation of right-of-use assets	**1,151,317**	–	**1,874,007**	–	**3,025,324**	–
Amortisation of prepaid lease payment	**–**	–	**–**	1,874,007	**–**	1,874,007
Net increase in fair value of investment properties	**(5,000,000)**	(7,000,000)	**–**	–	**(5,000,000)**	(7,000,000)
Loss on disposal of property, plant and equipment	**7,066**	–	**25,190**	14,658	**32,256**	14,658

5. SEGMENT REPORTING (CONTINUED)

Geographical information

The Group operates in two principal geographical areas — the Mainland China and Hong Kong.

Information about the Group's revenue from external customers is presented based on the location of the operations. Information about the Group's non-current assets other than deferred tax assets is presented based on the geographical location of assets are detailed below:

	Revenue from external customers		Non-current assets	
	2019	2018	**2019**	2018
Mainland China	**34,842,529**	33,229,219	**132,057,790**	136,763,866
Hong Kong	**7,162,074**	5,916,719	**238,404,413**	230,395,237
	42,004,603	39,145,938	**370,462,203**	367,159,103

Information about major customers

No external customers of the Group contributed over 10% of the Group's revenue for the years ended 31 December 2019 and 2018.

6. OTHER INCOME

	2019	2018
Bank interest income	**190,338**	131,349
Others	**167,861**	288,071
	358,199	419,420

7. OTHER GAINS AND LOSSES

	2019	2018
Net increase in fair value of investment properties	**5,000,000**	7,000,000
Gain arising on change in fair value of financial assets at fair value through profit or loss	**1,017,982**	1,241,893
Net foreign exchange losses	**(194,296)**	(502,332)
	5,823,686	7,739,561

8. INCOME TAX EXPENSE

	2019	2018
Current tax:		
PRC Enterprise Income Tax	**1,804,859**	1,551,105
Over-provision in prior years	**(307,344)**	—
	1,497,515	1,551,105
Deferred tax:		
Current year	**(740,269)**	(193,546)
Total income tax expense recognised in profit or loss	**757,246**	1,357,559

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Company and its Hong Kong subsidiaries did not have any assessable profits for the year (2018: 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.

9. PROFIT FOR THE YEAR

	2019	2018
Profit for the year has been arrived at after (crediting)/charging:		
Gross rental income from investment properties	**(7,162,074)**	(5,916,719)
Less: direct operating expenses incurred for investment properties that generated rental income during the year	**146,976**	122,767
	(7,015,098)	(5,793,952)
Employee benefits expense (including directors' remunerations):		
Salaries and other benefits in kind	**15,481,327**	13,828,590
Contributions to retirement benefits schemes	**757,223**	713,947
	16,238,550	14,542,537
Depreciation of right-of-use assets	**3,025,324**	—
Depreciation of hotel property	**2,449,064**	2,449,064
Depreciation of other property, plant and equipment	**1,774,992**	2,306,918
	7,249,380	4,755,982
Amortisation of prepaid lease payment	**—**	1,874,007
Total depreciation and amortisation	**7,249,380**	6,629,989
Auditors' remuneration	**680,000**	680,000

10. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share for the years ended 31 December 2019 and 2018 are based on the Group's profit attributable to the owners of the Company is based on the following data:

	2019	2018
Profit		
Profit for the year attributable to owners of the Company for the purposes of basic and diluted earnings per share	**9,462,022**	9,415,644
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**1,145,546,000**	1,145,546,000

No diluted earnings per share for both 2019 and 2018 were presented as there were no potential ordinary share in issue for both 2019 and 2018.

11. TRADE AND OTHER RECEIVABLES

	2019	2018
Trade receivables	**908,774**	1,292,257
Loss allowance	**(70,090)**	(71,656)
	838,684	1,220,601
Other receivables, utility deposits and prepayments	**13,472,892**	13,470,251
Loss allowance	**(12,657,767)**	(12,952,037)
	815,125	518,214
Total trade and other receivables	**1,653,809**	1,738,815

The following is an aged analysis of trade receivables net of loss allowance presented based on the invoice dates at the end of the reporting period.

	2019	2018
0–30 days	**832,043**	1,217,791
31–60 days	**2,701**	—
61–90 days	**3,940**	91
91–180 days	**—**	1,210
181–360 days	**—**	—
Over 360 days	**—**	1,509
	838,684	1,220,601

As at 31 December 2019, included in the Group's trade receivables balance are debtors with no aggregate carrying amount (2018: HK$1,509) which are past due as at the reporting date. These relate to a number of independent customers that have a good payment track record with the Group.

12. TRADE AND OTHER PAYABLES

	2019	2018
Trade payables	**1,855,425**	1,268,555
Other payables	**10,265,108**	10,219,307
Total trade and other payables	**12,120,533**	11,487,862

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

	2019	2018
Current to six months	**1,675,682**	1,037,159
Over six months and within one year	**3,100**	59,023
Over one year	**176,643**	172,373
	1,855,425	1,268,555

The average credit period is 60 days (2018: 60 days).

13. SHARE CAPITAL

	2019		2018	
Issued and fully paid	**Number of shares**	**HK$**	Number of shares	HK$
At 1 January and 31 December	**1,145,546,000**	**898,839,029**	1,145,546,000	898,839,029

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the year ended 31 December 2019, the Group recorded net profit attributable to owners of the Company approximately HK$9.46 million (2018: Approximately HK$9.42 million). The Group's growth in net profit is mainly attributable to the increase of around 4.85% in revenue from hotel operations for the year ended 31 December 2019 as compared to the revenue from hotel of approximately HK$33.23 million for the year ended 31 December 2018.

The turnover of the Group for the year ended 31 December 2019 amounted to approximately HK$42.01 million, representing an increase of approximately 7.31% from approximately HK$39.15 million in the 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 31 December 2019, the gearing ratio (dividing non-current liabilities by equity plus non-current liabilities multiplied by 100 which results in a percentage) of the Group was 1.20% (2018: 1%).

Operational Review

A. Star-rated hotel operation

Since 2018, the hotel has introduced new management model by carrying out professional manager system reform, successfully restored the title of four-star by passing verification and was also awarded the honor of "the Top 100 Conference Hotel of China".

Star-rated hotel operation is the main source of revenue for the Group. For the year ended 31 December 2019, the turnover of the hotel operation was approximately HK$34.84 million (2018: HK$33.23 million), representing an increase of approximately 4.85% from the previous year.

For the year under review, the average occupancy rate was approximately 81.52% (2018: 80.12%), representing an increase of 1.40% over the previous year. Average daily rate (ADR) was approximately RMB315 (2018: RMB298) representing an increase of 5.70% over the previous financial year.

Operational Review (continued)

A. Star-rated hotel operation (continued)

The following table sets out the amount and percentage of contributions from different businesses of the star-rated hotel operation for the year ended 31 December 2019, together with comparative figures of 2018:

	31 December 2019		31 December 2018	
	Amount HK$'000	**% in turnover**	Amount HK$'000	% in turnover
Accommodation revenue	**21,152**	**61%**	20,037	60%
Catering revenue	**9,898**	**28%**	8,607	26%
Rental revenue	**2,770**	**8%**	3,693	11%
Others	**1,023**	**3%**	892	3%
	34,843	**100%**	33,229	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 year under review, the accommodation revenue of star-rated hotel was approximately HK$21.15 million, representing an increase of approximately 5.56% over the corresponding period of 2018, which is mainly due to accommodation reserve income for the year ended 31 December 2019.

Catering revenue

Since 2015, the Group has made a major effort to develop the catering business through the hotel. During the year under review catering revenue of approximately HK$9.89 million representing approximately 28% of the hotel operation's turnover.

The rising cost of operating environment and hit by the Coronavirus Disease 2019 ("COVID-19") remain 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 minimise the adverse impacts.

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 is taking measures to deal with the epidemic situation, practising skills, diversifying our operations and enhancing sales force regarding wedding banquet, catering and related services as well.

Operational Review (continued)

A. Star-rated hotel operation (continued)

Rental revenue

In order to stabilise the income of the hotel operation, the hotel leased out the shopping centre in the Group's hotel. This contributed to approximately HK$2.77 million in rental revenue during the year under review, representing approximately 8% of the hotel operation's turnover.

B. Hong Kong properties held by the Group

As at 31 December 2019, all properties in Hong Kong held by the Group were 100% rented out, which brought a steady rental income to the Group.

During the year under review, the rental income of the properties in Hong Kong was approximately HK$7.16 million, compare to last year representing an increase of approximately 21.05%. The increase is mainly due to certain unoccupied units were leased out in July of 2018. The Group recorded approximately HK$5.92 million in rental income of properties in Hong Kong for the corresponding period of last year.

C. Piano Manufacturing

The Group diversified its business into piano manufacturing by acquiring a 25% equity interest in Fuzhou Harmony Piano Co. Ltd. ("Harmony Piano") in 2005. This business interest has brought a steady profit to the Group for the past few years. However, the Group recorded a share of loss from its interest in Harmony Piano approximately HK$0.08 million for the year under review (2018: loss of approximately HK$0.21 million).

D. Finance Leasing

For the year ended 31 December 2019, the interest in associate contributed approximately HK$3.40 million profit for the year (2018: profit of approximately HK$3.33 million).

Future Development

Looking forward into 2020, the Group will adhere to the corporate strategy using investment management and operation management as a core method for achieving continuous value-based growth. On the one hand, the Group will continue its searches for assets with healthy profitability and excellent growth potential as long-term investment through investment management. On the other hand, it will establish a group-level multi-dimensional operation-supporting system covering among others, brand operation, management information, human resources and supply chain to advance operation efficiency, lower costs and enhance brand influence.

The near-term economic performance is facing notable downward pressure from COVID-19. However, economic fundamentals of the Mainland are solid and it is expected to have adequate policy tools to maintain macro-economic stability. Once the epidemic is over, the economy of Mainland China will keep growing. The increase of disposable income per capita, the rise of urbanisation level and the accelerating pace of life remain the base driving forces behind the long-term and constant growth of China's hotel industry.

Future Development (continued)

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 actively seek new breakthroughs in the field of tourism-related and other business areas. Furthermore, the Group will also accelerate the reform in the area of institutional mechanisms, promote the effective integration of the group resources by the combination of industry and capital, and integrate the industry chains of hotel, tourism and other businesses. Meanwhile, we will expand into industries such as finance, high technology, intelligent technology, international trade, etc. to achieve diversification of our income source, so as to further increase our overall asset return and enterprise value.

Event After Report Period

The outbreak of COVID-19 has produced a significant impact on the hotel operations of the Group. It is expected that the performance of the Group in the first half of 2020 will be affected. Management of the Group will actively take measures to control the operating and labor costs of its hotels, pay attention to cash flow management, integrate external resources and adjust business plans to make full preparation for business recovery after the pandemic. Given the dynamic nature of these circumstances, the related impact on the Group's consolidated results of operations, cash flows and financial condition could not be reasonably estimated at this stage and will be reflected in the Group's 2020 interim and annual financial statements.

Financial Review

Capital Structure

As at 31 December 2019, the total share capital of the Company was HK$898,839,029 divided into 1,145,546,000 ordinary shares.

Liquidity and Financial Resources

As at 31 December 2019, the Group had a net cash balance of approximately HK$55.97 million (2018: HK$49.54 million). The Group's net asset value (assets less liabilities) was approximately HK$411.15 million (2018: HK$404.41 million), with a liquidity ratio (ratio of current assets to current liabilities) of 4.10 (2018: 4.26). During the year under review, there was no material change in the Group's funding and treasury policies. 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 31 December 2019, the Group had not charged any of its assets. (2018: Nil)

Funding and Treasury Policies

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.

Financial Review (continued)

Treasury Management and Cash Funding

The Group's funding and treasury policies are 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 centralised treasury function. In order to maintain financial flexibility and adequate liquidity for the Group's operations, potential investments and growth, the Group has built a strong base of funding resources and will keep exploring cost-efficient ways of financing.

Bank Loans and Other Borrowings

There was no outstanding bank loan and other borrowing by the Company and the Group as at 31 December 2019 (2018: Nil).

Capitalised Borrowing Costs

No borrowing cost was being capitalised during the year ended 31 December 2019 (2018: Nil).

Exposure to Fluctuation in Exchange Rate and Related Hedges

There has been no significant change in the Group's policy in terms of exchange rate exposure. The Group operates mainly in Hong Kong and Mainland China. Most of the transactions and cash and cash equivalents 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.

As most of the Company's business operations are located in Hong Kong and Mainland China, the Company faces foreign currency risks due to exchange gain/loss from exchange rate fluctuations as well as currency conversion risk due to converted net asset value fluctuations of investment projects in Mainland China. To effectively manage foreign currency risk, the Company closely monitors foreign exchange markets, and utilises multiple strategic approaches, such as optimising cash management strategy and project finance instruments, to manage foreign exchange risk.

Material acquisitions and disposals

During the year under review, there were no material acquisition or disposal of any subsidiary or associate of the Group.

Capital Expenditure and Commitment

During the year under review, the Group's capital expenditure was HK$0.2 million (2018: HK$1.3 million). There was no outstanding capital commitments as at 31 December 2019 and 2018.

Financial Review (continued)

Contingent Liability

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

Major Events

Save as aforesaid, the Group had no material capital commitments and no future plans for material investments or capital assets as at 31 December 2019.

Human Resources

As at 31 December 2019, the Group had approximately 145 employees in Hong Kong and Xiamen. The remuneration package was determined with reference to performance and the prevailing market rate. The Group also provides employees with training, the opportunity to join its mandatory provident fund scheme and medical insurance cover.

DIVIDENDS

The Directors do not recommend the payment of a dividend for the year ended 31 December 2019.

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

Neither the Company nor its subsidiaries, had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2019.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct for dealings in securities of the Company by the Directors. In response to specific enquiries made, all Directors confirmed that they had complied with the required standards of dealings as set out in the Model Code during the year.

INVESTMENT PROPERTIES

At 31 December 2019, the investment properties of the Group were revalued by an independent firm of professional surveyor and property valuer on an open market value basis at HK$235.30 million.

Particulars of investment property interests held by the Group at 31 December 2019 are as follows:

Investment properties	Leasehold expiry	Gross floor area *(square feet)*	Year of completion	Group's attributable interest
Hong Kong				
Commercial				
Shop Nos. 1, 3 and 4 on Ground Floor together with open yard adjoining thereto and the whole of First and Second Floors, Sun Ming Court, Nos. 84–90 Castle Peak Road, Sham Shui Po, Kowloon	2047	10,464	1981	50%
Units A, C and D on 21st Floor, Wing On House, 71 Des Voeux Road Central, Hong Kong	2047	8,340	1967	100%
Others				
Motor cycle parking space Nos. 54, 55, 56, 57 and 58 of Yuet Ming Building, No. 52 Yuet Wah Street, Kwun Tong, Kowloon	2047	—	1975	100%

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Adapting and adhering to recognised 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 has fully complied throughout the year 2019 with the applicable provisions set out in the Corporate Governance Code (the "Code") contained 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 complied all code provisions as contained in the Code during the year ended 31 December 2019.

RISK MANAGEMENT

The Company's management believes that risk management is an essential component of the Group's administrative structure. The management assists the Board in evaluating material risk exposure existing in the Group's business, including investment risk, interest rate risk, liquidity risk etc, and participates in designing and formulating appropriate risk management and internal control measures, and to ensure its implementation in daily operational management.

The management considers that the investment risk management measures provide guarantee to the Group through its way of seeking new development opportunities, as to secure reasonable return in every investment, to reduce investment risks and to avoid possible loss attributable to investments.

The Group's risk management towards liquidity aims to ensure that under all circumstances there exists sufficient capital to fulfill repayment obligations of all debts due, to maintain good creditworthiness, to finance reasonable investment opportunities and to fuel business development. The Group's accounting department is responsible for daily financial activities and monitoring liquidity position from time to time to cope with business operation of the Company.

The Board had conducted a review on the effectiveness of the Group's internal control and risk management systems once during the year ended 31 December 2019 which covered financial, operational, compliance procedural and risk management functions and had considered the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function. In light of the size and scale of the Group's businesses, the Board is also delegated with the responsibilities for the internal control of the Group and for reviewing its effectiveness. As such, the Group currently does not have an internal audit team. The Board will review and consider to establish such department as and when it thinks necessary.

The Group believes that good corporate governance practices are very important for maintaining and promoting investor confidence and for the sustainable growth of the Group. The Group has therefore made continued efforts to uplift its quality of corporate governance. It has established a highly effective system of internal controls and adopted a series of measures to ensure its safety and effectiveness. As a result, the Group is able to safeguard its assets and protect the interests of its shareholders.

RISK MANAGEMENT (CONTINUED)

The Board is of the view that the systems of internal control and risk management are effective and there are no irregularities, improprieties, frauds or other deficiencies that suggest material deficiency in the effectiveness of the Group's internal control system.

CORPORATE CORRESPONDENCE

The Company commits to report to the shareholders of the Company the Group's corporate information in a timely and punctual way through notifying or mailing to all shareholders via press release, Interim Report and Annual Report. The circular of the Annual General Meeting will be distributed to all shareholders of the Company at least 21 days prior to the meeting, which set out the requirements and the procedure of the vote and the relevant details of other proposed resolutions. The printed copies of the Group's Annual Report and Interim Report have been dispatched to all the shareholders.

The Company also maintains a corporate website on which comprehensive information about the Group is provided.

The Company is committed to ensure that it is fully compliant with disclosure obligations stipulated under the Listing Rules and other applicable laws and regulations, and that all shareholders and potential investors have an equal opportunity to receive and obtain externally available information that is released by the Group.

CORPORATE MONITOR

The Board is responsible for monitoring the Group's overall corporate reporting process and control system, while the corporate reporting standard is handled by the accounting department, which makes regular review of resources allocation and financial reporting system properly. Compliance with Code on Corporate Governance Practices, the Listing Rules, SFO and other applicable laws and regulations are handled by the Company Secretary. The Company's management meets with the Executive Directors regularly to review and brief the reporting system, and the Audit Committee annually to review and brief the reporting system.

A package of detailed materials setting out the duties and responsibilities of the Directors of the Company is provided to each newly appointed Director of the Company, in which it is especially specified the applicable rules and regulations (including the Listing Rules) that the first time appointed Directors of the Company shall notice and understand.

In respect of the securities transactions made by Directors and relevant employees, the Company has adopted Appendix 10 to the Listing Rules, the Model Code, as its own Code of conduct regarding the standard for securities transactions. Printed copies of the Model Code have been distributed to each Director and relevant employees of the Group as stipulated therein. Having made specific enquires of all Directors, all the Directors confirmed that they have complied with the standards set out therein.

Employees who are likely to be in possession of unpublished price-sensitive information about the Group are also subject to compliance with guidelines on no less exacting terms than the Model Code.

SUFFICIENCY OF PUBLIC FLOAT

Based on information available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as of the date of this report.

PUBLICATION OF INFORMATION ON THE STOCK EXCHANGE WEBSITE

This announcement is published on the websites of the Company (www.fujianholdings.com) and the Stock Exchange (www.hkexnews.hk). The annual report of the Company for the year ended 31 December 2019 will be dispatched to shareholders of the Company and available on the above websites in due course.

AUDIT COMMITTEE AND AUDITORS

The Audit Committee of the Company has reviewed the financial results of the Group for the year ended 31 December 2019. The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2019 as set out in this announcement have been agreed by the Company's auditors, HLB Hodgson Impey Cheng Limited ("HLB"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by HLB in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by HLB on this announcement.

ACKNOWLEDGEMENTS

I would like to take this opportunity to extend my sincere gratitude to all shareholders, business partners and customers for their support, and to all our colleagues for their efforts, hard work and dedication. Their hardwork represents the foundation of the Group's future business development.

By Order of the Board
Fujian Holdings Limited
Chen Yangbiao
Chairman

Hong Kong, 27 March 2020

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. Wang Ruilian and Ms. Weng Weijian and three Independent Non-executive Directors, namely Mr. Lam Kwong Siu, Mr. Ng Man Kung and Ms. Liu Mei Ling Rhoda.