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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 2020

#### FINANCIAL HIGHLIGHT

	Six months ended 30 June 2020 <i>HK\$</i>	Six months ended 30 June 2019 <i>HK\$</i>
● Revenue	<u>7,612,562</u>	<u>19,335,725</u>
● (Loss)/profit attributable to owners of the Company	<u>(1,833,650)</u>	<u>1,853,897</u>
● (Loss)/profit per share — Basic and diluted ( <i>HK cents per Share</i> )	<u>(0.16)</u>	<u>0.16</u>

## 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 2020 (the “Period”) together with the unaudited comparative figures for the corresponding period in 2019 as follows:

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

*For the period from 1 January 2020 to 30 June 2020 (in HK Dollars)*

	<i>Notes</i>	<b>30 June 2020</b> <b>(Unaudited)</b>	30 June 2019 (Unaudited)
<b>Revenue</b>	3	<b>7,612,562</b>	19,335,725
<b>Other income</b>	5	<b>165,485</b>	283,084
<b>Other gains and losses</b>	6	<b>489,488</b>	329,607
<b>Employee benefits expense</b>		<b>(5,858,208)</b>	(7,938,059)
<b>Depreciation of property, plant and equipment</b>		<b>(1,899,921)</b>	(2,115,371)
<b>Depreciation of right-of-use assets</b>		<b>(1,627,789)</b>	(937,003)
<b>Finance costs</b>		<b>(39,422)</b>	—
<b>Share of results of associates</b>		<b>4,262,633</b>	1,790,806
<b>Other operating expenses</b>		<b><u>(5,242,352)</u></b>	<u>(8,589,650)</u>
<b>(Loss)/profit before tax</b>		<b>(2,137,524)</b>	2,159,139
<b>Income tax credit/(expense)</b>	7	<b><u>303,874</u></b>	<u>(305,242)</u>
<b>(Loss)/profit for the period</b>	8	<b><u>(1,833,650)</u></b>	<u>1,853,897</u>
Other comprehensive expense:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translating foreign operations		<b><u>(748,168)</u></b>	<u>(126,438)</u>
Other comprehensive expense for the period, net of tax		<b><u>(748,168)</u></b>	<u>(126,438)</u>
Total comprehensive (expense)/income for the period		<b><u><u>(2,581,818)</u></u></b>	<u><u>1,727,459</u></u>

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

*For the period from 1 January 2020 to 30 June 2020 (in HK Dollars)*

	<i>Notes</i>	<b>30 June 2020</b> <b>(Unaudited)</b>	30 June 2019 (Unaudited)
<b>(Loss)/profit for the period attributable to:</b>			
Owners of the Company		<u><b>(1,833,650)</b></u>	<u>1,853,897</u>
<b>Total comprehensive (expense)/income attributable to:</b>			
Owners of the Company		<u><b>(2,581,818)</b></u>	<u>1,727,459</u>
<b>(Loss)/earnings per share</b>			
<b>Basic (HK cents per share)</b>	9	<u><b>(0.16)</b></u>	<u>0.16</u>
<b>Diluted (HK cents per share)</b>	9	<u><b>(0.16)</b></u>	<u>0.16</u>

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

At 30 June 2020 (in HK Dollars)

	<i>Notes</i>	<b>30 June 2020 (Unaudited)</b>	31 December 2019 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	<i>11</i>	<b>19,810,909</b>	21,836,468
Right-of-use assets	<i>12</i>	<b>12,453,501</b>	14,081,290
Investment properties	<i>13</i>	<b>235,300,000</b>	235,300,000
Interest in associates		<b>103,507,078</b>	99,244,445
Deferred tax assets		<b>1,886,819</b>	1,886,819
		<b><u>372,958,307</u></b>	<u>372,349,022</u>
<b>Current assets</b>			
Inventories	<i>14</i>	<b>268,590</b>	332,289
Trade and other receivables	<i>15</i>	<b>1,327,033</b>	1,653,809
Cash and bank balances		<b>50,006,699</b>	55,966,829
		<b><u>51,602,322</u></b>	<u>57,952,927</u>
<b>Current liabilities</b>			
Trade and other payables	<i>16</i>	<b>10,325,511</b>	12,120,533
Lease liabilities		<b>1,321,005</b>	1,374,614
Tax payable		<b>214,662</b>	655,792
		<b><u>11,861,178</u></b>	<u>14,150,939</u>
<b>Net current assets</b>		<b><u>39,741,144</u></b>	<u>43,801,988</u>
<b>Total assets less current liabilities</b>		<b><u>412,699,451</u></b>	<u>416,151,010</u>
<b>Capital and reserves</b>			
Equity attributable to owners of the Company			
Share capital	<i>17</i>	<b>898,839,029</b>	898,839,029
Reserves		<b>(490,267,040)</b>	(487,685,222)
<b>Total equity</b>		<b><u>408,571,989</u></b>	<u>411,153,807</u>
<b>Non-current liabilities</b>			
Lease liabilities		<b>1,025,583</b>	1,654,353
Deferred tax liabilities		<b>3,101,879</b>	3,342,850
		<b><u>4,127,462</u></b>	<u>4,997,203</u>
		<b><u>412,699,451</u></b>	<u>416,151,010</u>

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY***For the period from 1 January 2020 to 30 June 2020 (in HK Dollars)*

	<b>Attributable to owners of the Company</b>			
	<b>Share capital</b>	<b>Translation reserve</b>	<b>Accumulated losses</b>	<b>Total</b>
At 1 January 2020 (audited)	<u>898,839,029</u>	<u>(11,661,142)</u>	<u>(476,024,080)</u>	<u>411,153,807</u>
Loss for the period	—	—	(1,833,650)	(1,833,650)
Other comprehensive expense for the period	<u>—</u>	<u>(748,168)</u>	<u>—</u>	<u>(748,168)</u>
Total comprehensive expense for the period	<u>—</u>	<u>(748,168)</u>	<u>(1,833,650)</u>	<u>(2,581,818)</u>
<b>At 30 June 2020 (unaudited)</b>	<b><u>898,839,029</u></b>	<b><u>(12,409,310)</u></b>	<b><u>(477,857,730)</u></b>	<b><u>408,571,989</u></b>
	<b>Attributable to owners of the Company</b>			
	<b>Share capital</b>	<b>Translation reserve</b>	<b>Accumulated losses</b>	<b>Total</b>
At 1 January 2019 (audited)	<u>898,839,029</u>	<u>(8,940,191)</u>	<u>(485,486,102)</u>	<u>404,412,736</u>
Profit for the period	—	—	1,853,897	1,853,897
Other comprehensive expense for the period	<u>—</u>	<u>(126,438)</u>	<u>—</u>	<u>(126,438)</u>
Total comprehensive income/(expense) for the period	<u>—</u>	<u>(126,438)</u>	<u>1,853,897</u>	<u>1,727,459</u>
<b>At 30 June 2019 (unaudited)</b>	<b><u>898,839,029</u></b>	<b><u>(9,066,629)</u></b>	<b><u>(483,632,205)</u></b>	<b><u>406,140,195</u></b>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period from 1 January 2020 to 30 June 2020 (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 interim financial statements have been prepared in accordance with the same accounting policies adopted in and should be read in conjunction with the 2019 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2020 interim financial statements. Details of these changes in accounting policies are set out in note 2.1.

The preparation of the interim financial statements in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial statements and selected explanatory notes thereon do not include all of the information required for full set of financial statements prepared in accordance with HKFRSs.

### 2.1 Changes in accounting policies

The HKICPA has issued a number of new and revised HKFRSs and HKASs which are effective for accounting periods commencing on or after 1 January 2020. The Group has adopted, for the first time for the current period financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised standards and interpretation has had no material effect on these financial statements.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Annual Improvements 2015–2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

The new and revised standards have had no significant financial effect on the Group’s condensed consolidated financial statements. The Group has not applied any new standards, amendments or interpretation that is not yet effective for the current accounting period.

### 3. REVENUE

	<b>30 June 2020 (Unaudited)</b>	30 June 2019 (Unaudited)
Gross rental income from letting of investment properties	<b>3,439,255</b>	3,576,147
Revenue from hotel operations	<u><b>4,173,307</b></u>	<u>15,759,578</u>
	<u><b>7,612,562</b></u>	<u>19,335,725</u>

#### (i) Disaggregated of revenue from contract with customers

	<b>30 June 2020 (Unaudited)</b>
<b>Types of goods or services</b>	
Accommodation income	2,076,120
Catering and other income	<u>2,097,187</u>
	<u><b>4,173,307</b></u>
<b>Geographical markets</b>	
Mainland China	<u><b>4,173,307</b></u>
<b>Timing of revenue recognition</b>	
A point in time	2,097,187
Over time	<u>2,076,120</u>
	<u><b>4,173,307</b></u>

#### (ii) Performance obligations

For hotel operations, the performance obligation is satisfied when services are rendered.

The transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 30 June 2020 are all expected to be recognised within one year.

### 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	30 June	30 June	30 June	30 June	30 June
	2020	2019	2020	2019	2020	2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>REVENUE</b>						
Revenue from external customers	<u>3,439,255</u>	<u>3,576,147</u>	<u>4,173,307</u>	<u>15,759,578</u>	<u>7,612,562</u>	<u>19,335,725</u>
Segment (loss)/profit before depreciation amortisation and others	<u>3,388,955</u>	<u>3,512,187</u>	<u>(4,126,446)</u>	<u>1,996,715</u>	<u>(737,491)</u>	<u>5,508,902</u>
Depreciation	<u>—</u>	<u>—</u>	<u>(1,888,822)</u>	<u>(2,093,127)</u>	<u>(1,888,822)</u>	<u>(2,093,127)</u>
Segment results	<u>3,388,955</u>	<u>3,512,187</u>	<u>(6,015,268)</u>	<u>(96,412)</u>	<u>(2,626,313)</u>	<u>3,415,775</u>
Unallocated (expenses)/income					<u>(27,978)</u>	<u>61,111</u>
Central administration costs					<u>(3,745,866)</u>	<u>(3,108,553)</u>
Share of results of associates					<u>4,262,633</u>	<u>1,790,806</u>
(Loss)/profit before tax					<u>(2,137,524)</u>	<u>2,159,139</u>
Income tax credit/(expense)					<u>303,874</u>	<u>(305,242)</u>
(Loss)/profit for the period					<u>(1,833,650)</u>	<u>1,853,897</u>

Segment revenue as reported above represents revenue generated from external customers. There were no inter-segment sales in the current period (30 June 2019: 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 2020 (Unaudited)	31 December 2019 (Audited)	30 June 2020 (Unaudited)	31 December 2019 (Audited)	30 June 2020 (Unaudited)	31 December 2019 (Audited)
<b>Assets</b>						
Segment assets	249,368,933	247,368,512	69,625,548	78,754,730	318,994,481	326,123,242
Interest in an associate					103,507,078	99,244,445
Unallocated corporate assets					<u>2,059,070</u>	<u>4,934,262</u>
Consolidated total assets					<u>424,560,629</u>	<u>430,301,949</u>
<b>Liabilities</b>						
Segment liabilities	(4,759,132)	(2,770,566)	(7,134,562)	(9,178,162)	(11,893,694)	(11,948,728)
Unallocated corporate liabilities					<u>(4,094,946)</u>	<u>(7,199,414)</u>
Consolidated total liabilities					<u>(15,988,640)</u>	<u>(19,148,142)</u>

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 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 are present based on the geographical location of asset are detailed below:

	Revenue from external customers	
	30 June 2020 (Unaudited)	30 June 2019 (Unaudited)
Mainland China	4,173,307	15,759,578
Hong Kong	<u>3,439,255</u>	<u>3,576,147</u>
	<u>7,612,562</u>	<u>19,335,725</u>

## 5. OTHER INCOME

	<b>30 June 2020 (Unaudited)</b>	30 June 2019 (Unaudited)
Bank interest income	<b>89,461</b>	217,841
Others	<b><u>76,024</u></b>	<u>65,243</u>
	<b><u><u>165,485</u></u></b>	<u><u>283,084</u></u>

## 6. OTHER GAINS AND LOSSES

	<b>30 June 2020 (Unaudited)</b>	30 June 2019 (Unaudited)
Gain arising on change in fair value of financial assets designated at fair value through profit or loss	<b>617,635</b>	363,418
Net foreign exchange losses	<b><u>(128,147)</u></b>	<u>(33,811)</u>
	<b><u><u>489,488</u></u></b>	<u><u>329,607</u></u>

## 7. INCOME TAX CREDIT/(EXPENSE)

	<b>30 June 2020 (Unaudited)</b>	30 June 2019 (Unaudited)
Current tax — PRC	—	(664,663)
Deferred tax		
Current period	<b><u>303,874</u></b>	<u>359,421</u>
Income tax expense	<b><u><u>303,874</u></u></b>	<u><u>(305,242)</u></u>

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

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 period (30 June 2019: 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 period.

## 8. (LOSS)/PROFIT FOR THE PERIOD

	<b>30 June 2020 (Unaudited)</b>	30 June 2019 (Unaudited)
(Loss)/Profit for the period has been arrived at after charging/(crediting):		
Gross rental income from investment properties	<b>(3,439,255)</b>	(3,576,147)
Less: Direct operating expenses that generated rental income during the period	<u><b>50,300</b></u>	<u>63,960</u>
	<u><b>(3,388,955)</b></u>	<u>(3,512,187)</u>
Depreciation of hotel property	<b>1,224,531</b>	1,224,531
Depreciation of other property, plant and equipment	<u><b>675,390</b></u>	<u>890,840</u>
	<u><b>1,899,921</b></u>	<u>2,115,371</u>
Depreciation of right-to-use assets	<u><b>1,627,789</b></u>	<u>937,003</u>
Total depreciation and amortisation	<u><b>3,527,710</b></u>	<u>3,052,374</u>
Salaries and other benefits (including directors' remunerations)	<b>5,591,484</b>	7,445,343
Retirement benefit scheme contributions	<u><b>266,724</b></u>	<u>492,716</u>
Staff costs	<u><b>5,858,208</b></u>	<u>7,938,059</u>
Share of tax of associates (included in share of results of associates)	<u><b>4,262,633</b></u>	<u>1,790,806</u>

## 9. (LOSS)/EARNINGS PER SHARE

The calculation of basic and diluted loss (2019: earnings) per share of the Company is based on the unaudited consolidated net loss attributable to the owner of the Company of HK\$1,833,650 (30 June 2019: Profit of HK\$1,853,897), on 1,145,546,000 ordinary shares in issue during the period.

The diluted (loss)/earnings per share for the respective periods are the same as basic (loss)/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 2019: Nil).

## 11. PROPERTY, PLANT AND EQUIPMENT

	<b>Hotel property</b> (Unaudited)	<b>Furniture and fixtures</b> (Unaudited)	<b>Leasehold improvements</b> (Unaudited)	<b>Plant, machinery and equipment</b> (Unaudited)	<b>Total</b> (Unaudited)
<b>At cost</b>					
At 1 January 2019 (audited)	92,391,462	3,224,472	19,424,160	6,595,343	121,635,437
Additions	—	28,000	—	188,949	216,949
Disposal and write-off	—	(68,012)	—	(56,591)	(124,603)
Exchange adjustments	—	(69,620)	(639,992)	(132,725)	(842,337)
At 31 December 2019 and 1 January 2020 (audited)	92,391,462	3,114,840	18,784,168	6,594,976	120,885,446
Additions	—	3,530	—	8,448	11,978
Written off	—	—	—	(6,208)	(6,208)
Exchange adjustments	—	(59,248)	(362,357)	(124,242)	(545,847)
As at 30 June 2020	<u>92,391,462</u>	<u>3,059,122</u>	<u>18,421,811</u>	<u>6,472,974</u>	<u>120,345,369</u>
<b>Depreciation and impairment</b>					
At 1 January 2019 (audited)	75,452,107	2,589,347	12,938,790	4,615,837	95,596,081
Provided for the year	2,449,064	130,434	1,236,120	408,438	4,224,056
Eliminated on disposal and write-off	—	(61,660)	—	(30,687)	(92,347)
Exchange adjustments	—	(58,079)	(519,824)	(100,909)	(678,812)
At 31 December 2019 and 1 January 2020 (audited)	77,901,171	2,600,042	13,655,086	4,892,679	99,048,978
Provided for the period	1,224,531	52,026	451,769	171,595	1,899,921
Eliminated on written off	—	—	—	(3,050)	(3,050)
Exchange adjustments	—	(50,256)	(267,772)	(93,361)	(411,389)
As at 30 June 2020	<u>79,125,702</u>	<u>2,601,812</u>	<u>13,839,083</u>	<u>4,967,863</u>	<u>100,534,460</u>
<b>Net carrying amounts</b>					
<b>as at 30 June 2020</b>	<u>13,265,760</u>	<u>457,310</u>	<u>4,582,728</u>	<u>1,505,111</u>	<u>19,810,909</u>
As at 31 December 2019 (audited)	<u>14,490,291</u>	<u>514,798</u>	<u>5,129,082</u>	<u>1,702,297</u>	<u>21,836,468</u>

## 12. RIGHT-OF-USE ASSETS

	Leasehold Land	Office premise	Total
<b>COST</b>			
Balance at 1 January 2020	12,961,874	4,144,740	17,106,614
Additions	<u>—</u>	<u>—</u>	<u>—</u>
Balance at 30 June 2020	<u>12,961,874</u>	<u>4,144,740</u>	<u>17,106,614</u>
<b>DEPRECIATION</b>			
Balance at 1 January 2020	1,874,007	1,151,317	3,025,324
Provided for the period	<u>937,003</u>	<u>690,786</u>	<u>1,627,789</u>
Balance at 30 June 2020	<u>2,811,010</u>	<u>1,842,103</u>	<u>4,653,113</u>
<b>CARRYING AMOUNTS</b>			
Balance at 31 December 2019	<u>11,087,867</u>	<u>2,993,423</u>	<u>14,081,290</u>
<b>Balance at 30 June 2020</b>	<b><u>10,150,864</u></b>	<b><u>2,302,637</u></b>	<b><u>12,453,501</u></b>
		<b>30 June 2020 (Unaudited)</b>	31 December 2019 (Audited)
Interest on lease liabilities ( <i>note 10</i> )		<b>39,422</b>	87,227
Expense relating to short-term leases and other leases with lease terms end within 12 months of the date of initial application of HKFRS 16		—	345,176
Total cash outflow for leases		<b>721,800</b>	1,548,176
Addition to right-of-use assets		<u>—</u>	<u>4,144,740</u>

## 13. INVESTMENT PROPERTIES

<b>FAIR VALUE</b>	
At 31 December 2019 and at 30 June 2020	<u>235,300,000</u>

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

	<b>30 June 2020 (Unaudited)</b>	31 December 2019 (Audited)
Consumables	<u><b>268,590</b></u>	<u>332,289</u>

#### 15. TRADE AND OTHER RECEIVABLES

	<b>30 June 2020 (Unaudited)</b>	31 December 2019 (Audited)
Trade receivables	<b>378,491</b>	908,774
Loss allowance	<u><b>(68,738)</b></u>	<u>(70,090)</u>
	<u><b>309,753</b></u>	<u>838,684</u>
Other receivables, utility deposits and prepayments	<b>12,398,398</b>	13,472,892
Loss allowance	<u><b>(11,381,118)</b></u>	<u>(12,657,767)</u>
	<u><b>1,017,280</b></u>	<u>815,125</u>
Total trade and other receivables	<u><b>1,327,033</b></u>	<u>1,653,809</u>

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.

	<b>30 June 2020 (Unaudited)</b>	31 December 2019 (Audited)
0–30 days	<b>290,025</b>	832,043
31–60 days	—	2,701
61–90 days	<b>920</b>	3,940
91–180 days	<b>18,151</b>	—
181–360 days	<u><b>657</b></u>	<u>—</u>
	<u><b>309,753</b></u>	<u>838,684</u>

## 16. TRADE AND OTHER PAYABLES

	<b>30 June 2020 (Unaudited)</b>	31 December 2019 (Audited)
Trade payables	<b>1,485,653</b>	1,855,425
Other payables	<b><u>8,839,858</u></b>	<u>10,265,108</u>
Total trade and other payables	<b><u><u>10,325,511</u></u></b>	<u><u>12,120,533</u></u>

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

	<b>30 June 2020 (Unaudited)</b>	31 December 2019 (Audited)
Current to six months	<b>1,278,641</b>	1,675,682
Over six months and within one year	<b>11,682</b>	3,100
Over one year	<b><u>195,330</u></b>	<u>176,643</u>
	<b><u><u>1,485,653</u></u></b>	<u><u>1,855,425</u></u>

The average credit period is 60 days (31 December 2019: 60 days).

## 17. SHARE CAPITAL

	<b>Number of shares</b>	<b>HK\$</b>
Issued and fully paid		
At 1 January 2019, 31 December 2019 and 30 June 2020	<b><u>1,145,546,000</u></b>	<u>898,839,029</u>

## 18. APPROVAL OF THE INTERIM FINANCIAL STATEMENT

These condensed interim financial statements were approved and authorised for issue by the Directors on 31 August 2020.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

For the six months ended 30 June 2020, the Group recorded net loss attributable to owners of the Company of approximately HK\$1.83 million (30 June 2019: Profit of HK\$1.85 million). The Group's net loss is mainly attributable to the decrease of approximately 73.54% in revenue from hotel operations for the period ended 30 June 2020 as compared to the revenue from hotel of approximately HK\$15.76 million for the six months ended 30 June 2019.

The turnover of the Group for the six months ended 30 June 2020 amounted to approximately HK\$7.61 million, representing a decrease of approximately 59% from approximately HK\$19.34 million in the corresponding period of previous year. The increase is mainly due to the reduce in business volume of star-rated hotel operation during the period under review.

Given our good balance sheet status and cash generation ability, our financial position continues to be strong. As at 30 June 2020, the gearing ratio (divided non-current liabilities by equity plus non-current liabilities multiple by 100 which results in percentage) of the Group was 1.0% (31 December 2019: 1.2%).

### **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 six months ended 30 June 2020, the turnover of the hotel operation was approximately HK\$4.71 million (30 June 2019: HK\$15.76 million), representing a decrease of approximately 73.54% from the corresponding period of last year. The decrease mentioned above is mainly attributable to the significant decrease in number of tourists in Mainland China brought by the outbreak of the COVID-19 pandemic in the first half of the financial year of 2020.

For the period under review, the average occupancy rate was approximately 16% (2019: 78%), representing a decrease of 79.5% over the corresponding period of last year. Average daily rate (ADR) was approximately RMB298 (30 June 2019: RMB316) representing a decrease of 5.7% 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 2020, together with comparative figures as of 30 June 2019:

	<b>30 June 2020</b>		30 June 2019	
	<i>HK\$ in thousand</i>	<i>% of revenue</i>	<i>HK\$ in thousand</i>	<i>% of revenue</i>
Accommodation revenue	<b>2,076</b>	<b>50%</b>	9,822	62%
Catering	<b>1,377</b>	<b>33%</b>	4,186	27%
Rental revenue	<b>459</b>	<b>11%</b>	1,241	8%
Others	<b>261</b>	<b>6%</b>	511	3%
	<b><u>4,173</u></b>	<b><u>100%</u></b>	<b><u>15,760</u></b>	<b><u>100%</u></b>

### *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\$2.08 million, representing a decrease of approximately 79% over the corresponding period of 2019.

### *Catering revenue*

Since 2015, the Group has made a major effort to develop the catering business through the hotel. During the period under review, catering revenue of approximately HK\$1.38 million representing approximately 33% of the hotel operation's turnover.

The rising cost of operating environment and hit by the 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.

Looking forward, hospitality business is gradually resuming full operations as mainland has entered the phase of regular epidemic prevention and control.

### ***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\$0.46 million in rental revenue during the six months under review, representing approximately 11% of the hotel operation's turnover.

### **B. Hong Kong properties held by the Group**

As at 30 June 2020, all properties in Hong Kong held by the Group were 100% rented out, which brought a steady rental income to the Group.

During the period under review, the rental income of the properties in Hong Kong was approximately HK\$3.44 million, compared to last year representing a decrease of approximately 4%. The decrease is mainly due to relief provided to tenants on a case-by-case basis. The Group recorded approximately HK\$3.58 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 profit from its interest in Harmony Piano approximately HK\$0.74 million for the period under review (2019: profit of approximately HK\$0.09 million).

### **D. Finance Leasing**

For the six months ended 30 June 2020, the interest in associate contributed approximately HK\$3.52 million profit for the period (30 June 2019: profit of approximately HK\$1.7 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.

In the second half of the year, the Company will considering venturing into international trade business areas to broaden its source of revenue, thereby creating greater value for its shareholders.

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.

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.

## **FINANCIAL REVIEW**

### **Capital Structure**

As at 30 June 2020, 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 30 June 2020, the Group had a net cash balance of approximately HK\$50.00 million (31 December 2019: HK\$55.97 million). The Group's net asset value (assets less liabilities) was approximately HK\$412.70 million (31 December 2019: HK\$416.15 million), with a liquidity ratio (ratio of current assets to current liabilities) of 4.33 (31 December 2019: 4.10). 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.

### **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.

### **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.

## 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.

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:

	<b>30 June 2020 (Unaudited)</b>	31 December 2019 (Audited)
Cash and cash equivalents denominated in RMB (in thousands)	<u><b>38,358</b></u>	<u>44,280</u>
Cash and cash equivalents denominated in HK\$ (in thousands)	<u><b>11,649</b></u>	<u>11,687</u>

## CAPITAL MANAGEMENT

Our objectives when managing capital are to safeguard our ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

We manage our capital structure and make adjustments to it in order to have funds available to support the business activities which the Board intends to pursue in addition to maximizing the return to shareholders. The Board does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Group's management to sustain future development of the business.

In order to carry out current operations and pay for administrative costs, we will utilise our existing working capital and raise additional amounts as needed. Management reviews our capital management approach on an ongoing basis and believes that this approach, given the relative size of the Group, is reasonable.

### **Charge on Assets**

As at 30 June 2020, the Group did not charge any of its assets (31 December 2019: Nil).

### **Bank Loans and Other Borrowings**

There were no outstanding bank loan and other borrowings by the Company and the Group as at 30 June 2020 (31 December 2019: Nil).

### **Capitalised Borrowing Costs**

No borrowing costs were being capitalised during the six months ended 30 June 2020 (31 December 2019: Nil).

### **Significant Investments**

The Group held no other significant investment during the reporting period.

### **Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures**

The Group had no material acquisition and disposal of subsidiaries, associates and affiliated companies during the period.

### **Contingent Liability**

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

### **Human Resources**

As at 30 June 2020, the Group had approximately 119 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 Director do not recommend the payment of dividend for the six months ended 30 June 2020.

### **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 six months ended 30 June 2020 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 six months ended 30 June 2020.

## **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 period under review.

## **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 Ms. Liu Mei Ling Rhoda who possesses professional accounting qualification, Mr. Lam Kwong Siu and Mr. Ng Man Kung. Ms. Liu Mei Ling Rhoda 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 be 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 2020 was approved by the Board for issue on 31 August 2020.

## **PUBLICATION OF INFORMATION ON WEBSITES**

This announcement is published on the websites of the Company ([www.fujianholdings.com](http://www.fujianholdings.com)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). The interim report of the Company for the period ended 30 June 2020 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, 31 August 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.*