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閩港控股有限公司
FUJIAN HOLDINGS LIMITED
(Incorporated in Hong Kong with limited liability)
(Stock Code: 00181)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

FINANCIAL HIGHLIGHT	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	<u>35,207</u>	<u>18,898</u>
Loss attributable to owners of the Company	<u>(22,829)</u>	<u>(14,308)</u>
Loss per share		
Basic (<i>HK cents per share</i>)	<u>(1.99)</u>	<u>(1.25)</u>
Diluted (<i>HK cents per share</i>)	<u>(1.99)</u>	<u>(1.25)</u>

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 2023, together with the comparative figures for the year ended 31 December 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023 (in HK Dollars)

	<i>Notes</i>	2023	2022
Revenue	4	35,206,652	18,898,404
Other income	6	816,414	318,271
Other gains and losses	7	(17,233,696)	(2,473,799)
Employee benefits expense		(13,407,499)	(11,227,512)
Depreciation of property, plant and equipment		(3,496,698)	(3,765,086)
Depreciation of right-of-use assets		(3,040,808)	(3,076,609)
Finance costs		(59,855)	(96,737)
Share of (loss)/profit of associates		(768,071)	4,332,636
Loss on deemed disposal of an associate		–	(2,085,554)
Other operating expenses		(21,771,679)	(13,725,543)
Loss before tax		(23,755,240)	(12,901,529)
Income tax credit/(expense)	8	926,168	(1,406,268)
Loss for the year attributable to owners of the Company		(22,829,072)	(14,307,797)

	<i>Notes</i>	2023	2022
Other comprehensive expense			
attributable to owners of the Company			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		(775,682)	(10,966,105)
Exchange differences reclassified to profit or loss upon:			
Deemed disposal of an associate		<u>—</u>	<u>(1,862,871)</u>
Other comprehensive expense for the year attributable to owners of the Company, net of income tax		<u>(775,682)</u>	<u>(12,828,976)</u>
Total comprehensive expense for the year attributable to owners of the Company		<u>(23,604,754)</u>	<u>(27,136,773)</u>
Loss per share			
Basic <i>(HK cents per share)</i>	10	<u>(1.99)</u>	<u>(1.25)</u>
Diluted <i>(HK cents per share)</i>	10	<u>(1.99)</u>	<u>(1.25)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023 (in HK Dollars)

	<i>Notes</i>	2023	2022
Non-current assets			
Property, plant and equipment		9,045,282	12,596,501
Right-of-use assets		3,883,545	6,924,353
Investment properties		227,100,000	234,900,000
Interest in associates		13,543,109	14,513,460
Financial assets at fair value through profit or loss		95,073,000	104,515,000
		<u>348,644,936</u>	<u>373,449,314</u>
Current assets			
Inventories		189,098	285,767
Trade and other receivables	11	1,893,347	970,883
Cash and bank balances		39,473,290	39,730,957
		<u>41,555,735</u>	<u>40,987,607</u>
Current liabilities			
Trade and other payables	12	11,032,940	9,503,695
Lease liabilities		248,245	1,234,573
		<u>11,281,185</u>	<u>10,738,268</u>
Net current assets		<u>30,274,550</u>	<u>30,249,339</u>
Total assets less current liabilities		<u>378,919,486</u>	<u>403,698,653</u>
Capital and reserves			
Equity attributable to owners of the Company			
Share capital	13	898,839,029	898,839,029
Reserves		(519,919,543)	(496,314,789)
Total equity		<u>378,919,486</u>	<u>402,524,240</u>
Non-current liabilities			
Lease liabilities		–	248,245
Deferred tax liabilities		–	926,168
		<u>–</u>	<u>1,174,413</u>
		<u>378,919,486</u>	<u>403,698,653</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (in HK Dollars)

1. BASIS OF PREPARATION

Statement of compliance

The financial information relating to the years ended 31 December 2023 and 2022 included in this preliminary announcement of annual results 2023 does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2022 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the consolidated financial statements for the year ended 31 December 2023 in due course.

The Company's auditor has reported on the financial statements of the Group for the years ended 31 December 2023 and 31 December 2022. 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 Companies Ordinance.

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.

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

In the current year, the Group has applied following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

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

Amendments to HKFRSs in issue but not yet effective

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

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1	Non-current Liabilities with Covenants ²
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ²
Amendments to HKAS 21	Lack of Exchangeability ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2024.

³ Effective for annual periods beginning on or after 1 January 2025.

The directors of the Company anticipate that the application of all 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:

	2023	2022
Revenue from other sources		
– Gross rental income	3,891,544	4,511,972
Revenue from contracts with customers		
– Hotel operations	<u>31,315,108</u>	<u>14,386,432</u>
	<u>35,206,652</u>	<u>18,898,404</u>

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	
	2023	2022	2023	2022	2023	2022
REPORTABLE SEGMENT REVENUE						
Revenue from external customers	<u>3,891,544</u>	<u>4,511,972</u>	<u>31,315,108</u>	<u>14,386,432</u>	<u>35,206,652</u>	<u>18,898,404</u>
REPORTABLE SEGMENT RESULT						
Segment result before other gains and losses:	<u>3,562,666</u>	<u>4,251,802</u>	<u>(2,510,679)</u>	<u>(9,575,535)</u>	<u>1,051,987</u>	<u>(5,323,733)</u>
Net decrease in fair value of investment properties	<u>(7,800,000)</u>	<u>(900,000)</u>	<u>–</u>	<u>–</u>	<u>(7,800,000)</u>	<u>(900,000)</u>
Segment result	<u>(4,237,334)</u>	<u>3,351,802</u>	<u>(2,510,679)</u>	<u>(9,575,535)</u>	<u>(6,748,013)</u>	<u>(6,223,733)</u>
Unallocated income					<u>11,695</u>	<u>81,536</u>
Finance costs					<u>(59,855)</u>	<u>(96,737)</u>
Corporate administration costs					<u>(6,748,996)</u>	<u>(6,576,677)</u>
Loss arising on change in fair value of financial assets at fair value through profit or loss					<u>(9,442,000)</u>	<u>(2,333,000)</u>
Share of (loss)/profit of associates					<u>(768,071)</u>	<u>4,332,636</u>
Loss on deemed disposal of an associate					<u>–</u>	<u>(2,085,554)</u>
Loss before tax					<u>(23,755,240)</u>	<u>(12,901,529)</u>
Income tax credit/(expense)					<u>926,168</u>	<u>(1,406,268)</u>
Loss for the year					<u>(22,829,072)</u>	<u>(14,307,797)</u>

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2022: 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 other unallocated income, corporate administration costs including directors’ remuneration, share of (loss)/profit of associates, loss arising on change in fair value of financial assets at fair value through profit or loss and income tax credit/(expense). 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		Total	
	2023	2022	2023	2022	2023	2022
ASSETS						
Segment assets	240,864,111	242,295,594	40,608,404	52,981,258	281,472,515	295,276,852
Interest in associates					13,543,109	14,513,460
Financial assets at fair value through profit or loss					95,073,000	104,515,000
Unallocated corporate assets					112,047	131,609
Consolidated total assets					390,200,671	414,436,921
LIABILITIES						
Segment liabilities	(1,742,918)	(3,248,483)	(8,593,373)	(6,818,855)	(10,336,291)	(10,067,338)
Unallocated corporate liabilities					(944,894)	(1,845,343)
Consolidated total liabilities					(11,281,185)	(11,912,681)

All assets are allocated to operating segments other than interest in associates, financial assets 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.

Other segment information

	Property investment		Hotel operations		Unallocated		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Other segment information								
Additions to non-current assets	-	-	25,458	568,358	-	2,479,491	25,458	3,047,849
Depreciation of property, plant and equipment	-	-	3,474,260	3,744,773	22,438	20,313	3,496,698	3,765,086
Depreciation of right-of-use assets	-	-	1,874,007	1,874,007	1,166,801	1,202,602	3,040,808	3,076,609
Net decrease in fair value of investment properties	7,800,000	900,000	-	-	-	-	7,800,000	900,000
Loss on disposal of property, plant and equipment	-	-	9,523	6,828	-	-	9,523	6,828

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 financial assets at fair value through profit or loss is presented based on the geographical location of assets are detailed below:

	Revenue from external customers		Non-current assets	
	2023	2022	2023	2022
Mainland China	31,315,108	14,386,432	26,090,476	32,463,623
Hong Kong	3,891,544	4,511,972	227,481,460	236,470,691
	<u>35,206,652</u>	<u>18,898,404</u>	<u>253,571,936</u>	<u>268,934,314</u>

Information about major customers

No external customers of the Group contributed over 10% of the Group's revenue for the years ended 31 December 2023 and 2022.

6. OTHER INCOME

	2023	2022
Bank interest income	666,589	50,854
Government grants	–	139,696
Others	149,825	127,721
	<u>816,414</u>	<u>318,271</u>

7. OTHER GAINS AND LOSSES

	2023	2022
Net decrease in fair value of investment properties	(7,800,000)	(900,000)
Loss arising on change in fair value of financial assets at fair value through profit or loss	(9,442,000)	(1,573,866)
Loss on disposal of property, plant and equipment	(9,523)	(6,828)
Net foreign exchange gains	17,827	6,895
	<u>(17,233,696)</u>	<u>(2,473,799)</u>

8. INCOME TAX

	2023	2022
Deferred tax:		
Current year	<u>(926,168)</u>	<u>1,406,268</u>
Total income tax (credit)/expense recognised in profit or loss	<u><u>(926,168)</u></u>	<u><u>1,406,268</u></u>

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, 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 year (2022: 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.

No provision for PRC Enterprise Income Tax has been made in the consolidated financial statements as the PRC subsidiaries incurred losses for taxation purposes for the year (2022: Nil).

9. LOSS FOR THE YEAR

	2023	2022
Loss for the year has been arrived at after (crediting)/charging:		
Gross rental income from investment properties	(3,891,544)	(4,511,972)
Less: direct operating expenses incurred for investment properties that generated rental income during the year	<u>328,878</u>	<u>260,170</u>
	<u>(3,562,666)</u>	<u>(4,251,802)</u>
Employee benefits expense (including directors' remunerations):		
Salaries and other benefits in kind	12,255,379	10,267,791
Contributions to retirement benefit scheme	<u>1,152,120</u>	<u>959,721</u>
	<u>13,407,499</u>	<u>11,227,512</u>
Depreciation of right-of-use assets	3,040,808	3,076,609
Depreciation of hotel property	2,449,064	2,449,064
Depreciation of other property, plant and equipment	<u>1,047,634</u>	<u>1,316,022</u>
Total depreciation	<u>6,537,506</u>	<u>6,841,695</u>
Auditors' remuneration	<u>839,500</u>	<u>780,000</u>

10. LOSS PER SHARE

The calculation of the basic and diluted loss per share for the years ended 31 December 2023 and 2022 are based on the Group's loss attributable to the owners of the Company is based on the following data:

	2023	2022
Loss		
Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share	<u>(22,829,072)</u>	<u>(14,307,797)</u>
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	<u>1,145,546,000</u>	<u>1,145,546,000</u>

No diluted loss per share for both 2023 and 2022 were presented as there were no potential ordinary shares in issue for both 2023 and 2022.

11. TRADE AND OTHER RECEIVABLES

	2023	2022
Trade receivables	1,313,213	378,603
Loss allowance	<u>(114,063)</u>	<u>(115,717)</u>
	<u>1,199,150</u>	<u>262,886</u>
Other receivables, utility deposits and prepayments	698,068	13,405,258
Loss allowance	<u>(3,871)</u>	<u>(12,697,261)</u>
	<u>694,197</u>	<u>707,997</u>
Total trade and other receivables	<u><u>1,893,347</u></u>	<u><u>970,883</u></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.

	2023	2022
0–30 days	1,313,213	365,562
31–60 days	<u>–</u>	<u>13,041</u>
	1,313,213	378,603
Less: Loss allowance	<u>(114,063)</u>	<u>(115,717)</u>
	<u><u>1,199,150</u></u>	<u><u>262,886</u></u>

12. TRADE AND OTHER PAYABLES

	2023	2022
Trade payables	1,217,017	1,103,193
Other payables and accruals	8,459,613	6,783,074
Rental deposits received	1,356,310	1,617,428
	<u>11,032,940</u>	<u>9,503,695</u>
Total trade and other payables	<u><u>11,032,940</u></u>	<u><u>9,503,695</u></u>

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

	2023	2022
0–180 days	1,012,002	728,335
181–360 days	–	127,398
Over 360 days	205,015	247,460
	<u>1,217,017</u>	<u>1,103,193</u>
	<u><u>1,217,017</u></u>	<u><u>1,103,193</u></u>

The average credit period is 60 days (2022: 60 days).

13. SHARE CAPITAL

	2023		2022	
	<i>Number of shares</i>	<i>HK\$</i>	<i>Number of shares</i>	<i>HK\$</i>
Issued and fully paid				
At 1 January and 31 December	<u>1,145,546,000</u>	<u>898,839,029</u>	<u>1,145,546,000</u>	<u>898,839,029</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended 31 December 2023, the Group recorded net loss attributable to owners of the Company of approximately HK\$22.83 million (2022: loss of HK\$14.31 million). The Group's net loss is mainly attributable to (i) loss arising on change in fair value of investment properties; (ii) loss arising on change in fair value of financial assets at fair value through profit and loss and (iii) a weak rental market during the period under review.

The turnover of the Group for the year ended 31 December 2023 amounted to approximately HK\$35.21 million, representing an increase of approximately 86.30% from approximately HK\$18.90 million in the corresponding 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 2023, the gearing ratio (divided total liabilities by equity multiple by 100 which results in percentage) of the Group was 2.98% (2022: 2.67%).

Our group has consistently maintained a low debt ratio and possesses ample liquidity. By enhancing internal management, training, and improving systems, we will further focus on cost control to minimize cash outflows.

OPERATIONAL REVIEW

A. Star-rated hotel operation

Star-rated hotel operation is the main source of revenue for the Group. Based on the hotel location and its current facility structure, the hotel is positioned as a leisure and business hotel, expanding its sources of conference and training clients. It will also increase cultural cultivation such as the "Comrade's Home", "Chamber of Commerce Home", "Calligrapher's Home" and "Aid Friend's Home", and establish an "Education and Training Base".

For the year ended 31 December 2023, the turnover of the hotel operation was approximately HK\$31.32 million (2022: HK\$14.39 million), representing an increase of approximately 118% from the corresponding year. The increase mentioned above is mainly attributable to the situation of epidemic prevention and control in the mainland is steadily improving and domestic consumption of Mainland continues to rebound.

For the period under review, the average occupancy rate was approximately 67% (2022: 26%), representing an increase of 158% over the corresponding year. Average daily rate (ADR) was approximately RMB340 (2022: RMB305) representing an increase of 11% over the corresponding year.

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 2023, together with comparative figures as of 31 December 2022:

	31 December 2023		31 December 2022	
	<i>HK\$ in thousand</i>	<i>% of revenue</i>	<i>HK\$ in thousand</i>	<i>% of revenue</i>
Accommodation revenue	16,691	53%	6,198	41%
Catering	12,630	40%	6,244	43%
Rental revenue	872	3%	1,157	8%
Others	1,122	4%	787	8%
	<u>31,315</u>	<u>100%</u>	<u>14,386</u>	<u>100%</u>

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, the accommodation revenue of star-rated hotel was approximately HK\$16.69 million, representing an increase of approximately 169% over the corresponding year of 2022.

Catering revenue

Since 2015, the hotel has vigorously developed its group catering business. During the review period, the group generated approximately HK\$12.63 million in revenue, representing an increase of approximately 102% over the corresponding year.

High quality customer service, strong cultural atmosphere, good geographical location is the core competitive advantage of the hotel. Our hotel management is taking active measures to deal with the epidemic such as practice its internal skills, expand diversified operations and start the catering sales function. Including develop the wedding banquet, the moon cake banquet, year-end banquet, graduation banquet, other banquet online to offline business and introducing the “Teacher Appreciation Banquet” WeChat official account for our hotel. We also carry out online sales cooperation with the banquet network platforms “Wedding 100” (婚禮100) and “Banquet Ge Ge” (宴格格) and we are also collaborating with third parties to launch Peking duck products, thereby diversifying our dining business model to achieve initial results in the expansion to extension of the banquet and group meals.

Looking forward, the consumer demand for leisure travel and business travel is gradually released and the confidence of the domestic hotel market is gradually recovered. The hotel business is gradually back to the right track.

Rental revenue

In order to stabilise the income of the hotel operation, the hotel leased out the shopping center in the Group’s hotel. This contributed to approximately HK\$0.87 million in rental revenue during the year under review, representing approximately 3% of the hotel operation’s turnover.

B. Hong Kong properties held by the Group

Hong Kong’s economy is affected by various external factors, many enterprises in Hong Kong have decided to move out of Central due to cost savings and some office tenants have delayed or shelved office leases, so the Hong Kong Grade A office market constantly under pressure and the group’s investment property project rental rate is only about 80% during the review period. As demand remains weak and expected commercial property market rents remain under pressure, the outlook for the year will remain uncertain.

During the period under review, the rental income of the properties in Hong Kong was approximately HK\$3.89 million, compared to the corresponding period of last year representing a decrease of approximately 14%.

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\$0.77 million for the period under review due to declining market sales and rising manufacturing materials (2022: loss of approximately HK\$1.74 million).

D. Finance Leasing

The Company as at 31 December 2023 held direct equity interest of 18.44% in Fujian Huamin Leasing Company Limited (福建華閩融資租賃有限公司) (“**Fujian Huamin Leasing**”). Fujian Huamin Leasing is a PRC incorporated company and is principally engaged in the provision of financial leasing and associated services. The investment cost of the significant investment was HK\$76.42 million. The fair value of the equity interest in Fujian Huamin Leasing was HK\$95.07 million as at 31 December 2023, representing approximately 24.36% of the total assets of the Company as at 31 December 2023

For the year ended 31 December 2023, the interest in finance leasing contributed approximately HK\$9.44 million loss in fair value which designated at fair value through profit or loss for the year (2022: loss of approximately HK\$2.33 million).

FUTURE DEVELOPMENT

The global political situation remains complex, with challenges and opportunities coexisting. It is in adversity that courage and determination are revealed, and it is through honing our skills that we achieve success. In the future, our group will concentrate its resources and actively seize opportunities, striving to expand marketing channels and further consolidate our existing markets. We will also seek a balance between maintaining our current market share and achieving reasonable profit margins. When conditions are favourable, we will explore new markets to enhance the brand influence of our company and actively explore online sales. Furthermore, we will continue to enhance our marketing efforts and foster innovative thinking to create differentiated value for our customers, attracting new clients while retaining existing ones. In terms of operational management, our group will strengthen the management and control of the supply chain, continuously improve service capabilities and operational efficiency, and work towards improving our current business situation by optimizing various costs. Regarding investment management, we will adhere to our core principles, exercise strict risk control, and continue to seek assets with healthy profitability and excellent growth potential for long-term investments. We believe that as market demand gradually recovers, the company’s operational performance will continue to steadily improve, unlocking the potential and intrinsic value of our enterprise resources.

FINANCIAL REVIEW

Capital Structure

As at 31 December 2023, 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 2023, the Group had a net cash balance of approximately HK\$39.47 million (2022: HK\$39.73 million). The Group's net asset value (assets less liabilities) was approximately HK\$378.92 million (2022: HK\$402.52 million), with a liquidity ratio (ratio of current assets to current liabilities) of 3.68 (2022: 3.82). 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 2023, the Group had not charged any of its assets (2022: 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.

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 2023 (2022: Nil).

Capitalised Borrowing Costs

No borrowing cost was being capitalised during the year ended 31 December 2023 (2022: 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, associate or joint venture of the Group.

Capital Expenditure and Commitment

During the year under review, the Group's capital expenditure was HK\$0.03 million (2022: HK\$0.62 million). There was no outstanding capital commitments as at 31 December 2023 and 2022.

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 2023.

As at 31 December 2023, the Company had only one significant investment with a value over 5 per cent of the total assets of the Company as at 31 December 2023. The significant investment represented the direct equity interest of 18.44% held in Fujian Huamin Leasing Company Limited (福建華閩融資租賃有限公司) (“**Fujian Huamin Leasing**”) by the Company as at 31 December 2023. Fujian Huamin Leasing is a PRC incorporated company and is principally engaged in the provision of financial leasing and associated services. The investment cost of the significant investment was approximately HK\$76.42 million. The fair value of the equity interest in Fujian Huamin Leasing was approximately HK\$95.07 million as at 31 December 2023, representing approximately 24.36% of the total assets of the Company as at 31 December 2023. During the year ended 31 December 2023, the significant investment in Fujian Huamin Leasing contributed a loss arising on change in fair value of financial assets at fair value through profit or loss of HK\$9.44 million and no dividend was earned during the year. The Board considers that the significant investment in Fujian Huamin Leasing allows the Group to take advantage of the tax and financial benefits from the China (Fujian) Pilot Free Trade Zone (中國(福建)自由貿易試驗區) and diversify the business of the Group to leasing and associated services within the Fujian Province, PRC and also allow the Group to diversify its streams of income.

Human Resources

As at 31 December 2023, the Group had approximately 131 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.

DISTRIBUTABLE RESERVES

There was no Company’s reserve available for distribution to shareholders as at 31 December 2023 (2022: Nil).

DIVIDENDS

The Directors do not recommend the payment of a dividend for the year ended 31 December 2023.

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 2023.

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 C3 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 2023, 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\$227.10 million.

Particulars of investment property interests held by the Group at 31 December 2023 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%

CORPORATE GOVERNANCE PRACTICES

To create a long term value for the interests of the Shareholders is the Board's main objective. As such, the Board is highly committed to achieving a high standard of corporate governance and striving to maintain the management practices in a transparent and responsible way. The Board reviews and improves the Group's corporate governance practices and business ethics on an ongoing basis.

Save as disclosed, for the year ended 31 December 2023 and up to the date of this annual report, the Company complied with all the code provisions, where applicable, as set out in the Corporate Governance Code (the "**CG Code**") and Corporate Governance Report in Appendix C1 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

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 2023 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.

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.

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 C3 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 announcement.

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 2023 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 2023. 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 2023 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 hard work represents the foundation of the Group's future business development.

By Order of the Board
Fujian Holdings Limited
Lin Nuchao
Executive Director

Hong Kong, 28 March 2024

As at the date of this announcement, the existing Board of Directors comprises nine Directors, including three Executive Directors, namely Ms. Lin Nuchao, Mr. Yang Liyu and Mr. Zhang Jianmin, three Non-executive Directors, namely Ms. Weng Weijian, Ms. Chen Danyun and Mr. Huang Songqing and three Independent Non-executive Directors, namely Mr. Lam Kwong Siu, Mr. Ng Man Kung and Ms. Liu Mei Ling Rhoda.