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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
INTERIM RESULTS FOR THE PERIOD ENDED 30 JUNE 2022

FINANCIAL HIGHLIGHT

	Six months ended 30 June 2022 HK\$	Six months ended 30 June 2021 HK\$
• Revenue	<u><u>7,433,478</u></u>	<u><u>13,338,135</u></u>
• (Loss)/profit attributable to owners of the Company	<u><u>(3,042,230)</u></u>	<u><u>2,838,600</u></u>
• (Loss)/profit per share — Basic and diluted (<i>HK cents per Share</i>)	<u><u>(0.27)</u></u>	<u><u>0.25</u></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 2022 (the “Period”) together with the unaudited comparative figures for the corresponding period in 2021 as follows:

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

For the period from 1 January 2022 to 30 June 2022 (in HK Dollars)

		30 June 2022	30 June 2021
	<i>Notes</i>	(Unaudited)	(Unaudited)
Revenue	4	7,433,478	13,338,135
Other income	6	285,122	233,114
Other gains and losses	7	391,833	3,264,234
Employee benefits expense		(5,566,717)	(6,845,168)
Depreciation of property, plant and equipment		(1,845,634)	(1,885,202)
Depreciation of right-of-use assets		(1,567,966)	(1,627,793)
Finance costs		(20,619)	(19,565)
Share of results of associates		3,158,454	4,143,246
Other operating expenses		(5,537,613)	(8,188,235)
(Loss)/profit before tax		(3,269,662)	2,412,766
Income tax credit	8	227,432	425,834
(Loss)/profit for the period	9	(3,042,230)	2,838,600
Other comprehensive (expense)/income:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translating foreign operations		(1,800,082)	2,088,492
Other comprehensive (expense)/income for the period, net of tax		(1,800,082)	2,088,492
Total comprehensive (expense)/income for the period		(4,842,312)	4,927,092

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

For the period from 1 January 2022 to 30 June 2022 (in HK Dollars)

		30 June 2022	30 June 2021
	<i>Notes</i>	(Unaudited)	(Unaudited)
(Loss)/profit for the period attributable to:			
Owners of the Company		<u>(3,042,230)</u>	<u>2,838,600</u>
Total comprehensive (expense)/income attributable to:			
Owners of the Company		<u>(4,842,312)</u>	<u>4,927,092</u>
(Loss)/earnings per share			
Basic (HK cents per share)	<i>10</i>	<u>(0.27)</u>	<u>0.25</u>
Diluted (HK cents per share)	<i>10</i>	<u>(0.27)</u>	<u>0.25</u>

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

At 30 June 2022 (in HK Dollars)

		30 June 2022	31 December 2021
	<i>Notes</i>	(Unaudited)	(Audited)
Non-current assets			
Property, plant and equipment	<i>12</i>	14,166,235	16,264,079
Right-of-use assets	<i>13</i>	8,506,536	7,570,121
Investment properties	<i>14</i>	235,800,000	235,800,000
Interest in associates		131,665,899	128,507,445
Deferred tax assets		1,886,819	1,886,819
		<u>392,025,489</u>	<u>390,028,464</u>
Current assets			
Inventories	<i>15</i>	241,986	293,550
Trade and other receivables	<i>16</i>	1,514,847	1,918,563
Cash and bank balances		43,782,805	49,520,268
		<u>45,539,638</u>	<u>51,732,381</u>
Current liabilities			
Trade and other payables	<i>17</i>	9,439,681	10,453,374
Lease liabilities		1,258,282	239,739
		<u>10,697,963</u>	<u>10,693,113</u>
Net current assets		<u>34,841,675</u>	<u>41,039,268</u>
Total assets less current liabilities		<u><u>426,867,164</u></u>	<u><u>431,067,732</u></u>

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 30 June 2022 (in HK Dollars)

	<i>Notes</i>	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Capital and reserves			
Equity attributable to owners of the Company			
Share capital	<i>18</i>	898,839,029	898,839,029
Reserves		(474,020,328)	(469,178,016)
Total equity		424,818,701	429,661,013
Non-current liabilities			
Lease liabilities		869,177	–
Deferred tax liabilities		1,179,286	1,406,719
		2,048,463	1,406,719
		426,867,164	431,067,732

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the period from 1 January 2022 to 30 June 2022 (in HK Dollars)

	Attributable to owners of the Company			
	Share capital	Translation reserve	Accumulated losses	Total
At 1 January 2022 (audited)	<u>898,839,029</u>	<u>1,178,116</u>	<u>(470,356,132)</u>	<u>429,661,013</u>
Loss for the period	–	–	(3,042,230)	(3,042,230)
Other comprehensive expense for the period	<u>–</u>	<u>(1,800,082)</u>	<u>–</u>	<u>(1,800,082)</u>
Total comprehensive expense for the period	<u>–</u>	<u>(1,800,082)</u>	<u>(3,042,230)</u>	<u>(4,842,312)</u>
At 30 June 2022 (unaudited)	<u>898,839,029</u>	<u>(621,966)</u>	<u>(473,398,362)</u>	<u>424,818,701</u>
	Attributable to owners of the Company			
	Share capital	Translation reserve	Accumulated losses	Total
At 1 January 2021 (audited)	<u>898,839,029</u>	<u>(1,938,464)</u>	<u>(473,996,711)</u>	<u>422,903,854</u>
Profit for the period	–	–	2,838,600	2,838,600
Other comprehensive income for the period	<u>–</u>	<u>2,088,492</u>	<u>–</u>	<u>2,088,492</u>
Total comprehensive income for the period	<u>–</u>	<u>2,088,492</u>	<u>2,838,600</u>	<u>4,927,092</u>
At 30 June 2021 (unaudited)	<u>898,839,029</u>	<u>150,028</u>	<u>(471,158,111)</u>	<u>427,830,946</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period from 1 January 2022 to 30 June 2022 (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 AND ACCOUNTING POLICIES

The interim financial information has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “*Interim Financial Reporting*”. The interim financial information should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2021, as described in those annual financial statements, except for the adoption of new and amended standards and interpretation as disclosed in note 3 below.

3. IMPACT ON NEW HKFRSS AND HKASs

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 2022. The Group has adopted, for the first time for the current year's financial statements. The adoption of these new and revised standards and interpretation has had no material effect on these financial statements.

Changes in accounting policies

HKFRSs and HKASs that are effective for the six months ended 30 June 2022:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020

The Group has not applied the new and revised HKFRSs and HKASs, which have been issued but are not yet effective. The Group is in the process of making an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs and HKASs would have a material impact on its results of operations and financial position.

4. REVENUE

	30 June 2022 (Unaudited)	30 June 2021 (Unaudited)
Gross rental income from letting of investment properties	2,403,142	2,661,125
Revenue from hotel operations	5,030,336	10,677,010
	<u>7,433,478</u>	<u>13,338,135</u>

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

	30 June 2022 (Unaudited)	30 June 2021 (Unaudited)
Types of goods or services		
Accommodation income	2,060,347	6,224,778
Catering and other income	2,969,989	4,452,232
	<u>5,030,336</u>	<u>10,677,010</u>
Geographical markets		
Mainland China	<u>5,030,336</u>	<u>10,677,010</u>
Timing of revenue recognition		
A point in time	2,969,989	4,452,232
Over time	2,060,347	6,224,778
	<u>5,030,336</u>	<u>10,677,010</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 2022 are all expected to be recognised within one year.

5. 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 2022 (Unaudited)	30 June 2021 (Unaudited)	30 June 2022 (Unaudited)	30 June 2021 (Unaudited)	30 June 2022 (Unaudited)	30 June 2021 (Unaudited)
REVENUE						
Revenue from external customers	<u>2,403,142</u>	<u>2,661,125</u>	<u>5,030,336</u>	<u>10,677,010</u>	<u>7,433,478</u>	<u>13,338,135</u>
Segment (loss)/profit before depreciation amortisation and others	2,293,780	2,552,849	(3,776,300)	(1,741,472)	(1,482,520)	811,377
Depreciation	<u>-</u>	<u>-</u>	<u>(1,837,250)</u>	<u>(1,874,721)</u>	<u>(1,837,250)</u>	<u>(1,874,721)</u>
Segment results	2,293,780	2,552,849	(5,613,550)	(3,616,193)	(3,319,770)	(1,063,344)
Unallocated income					30,162	3,382,820
Central administration costs					(3,138,508)	(4,049,956)
Share of results of associates					<u>3,158,454</u>	<u>4,143,246</u>
(Loss)/profit before tax					(3,269,662)	2,412,766
Income tax credit					<u>227,432</u>	<u>425,834</u>
(Loss)/profit for the period					<u>(3,042,230)</u>	<u>2,838,600</u>

Segment revenue as reported above represents revenue generated from external customers. There were no intersegment sales in the current period (30 June 2021: 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 (loss)/profit of associates and income tax 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 2022 (Unaudited)	31 December 2021 (Audited)	30 June 2022 (Unaudited)	31 December 2021 (Audited)	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Assets						
Segment assets	245,894,272	244,326,222	58,035,205	66,662,719	303,929,477	310,988,941
Interest in associates					131,665,899	128,507,445
Unallocated corporate assets					<u>1,969,751</u>	<u>2,264,459</u>
Consolidated total assets					<u>437,565,127</u>	<u>441,760,845</u>
Liabilities						
Segment liabilities	(1,979,689)	(2,123,578)	(6,367,141)	(7,443,232)	(8,346,830)	(9,566,810)
Unallocated corporate liabilities					<u>(4,399,596)</u>	<u>(2,533,022)</u>
Consolidated total liabilities					<u>(12,746,426)</u>	<u>(12,099,832)</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 2022 (Unaudited)	30 June 2021 (Unaudited)
Mainland China	5,030,336	10,677,010
Hong Kong	<u>2,403,142</u>	<u>2,661,125</u>
	<u>7,433,478</u>	<u>13,338,135</u>

6. OTHER INCOME

	30 June 2022 (Unaudited)	30 June 2021 (Unaudited)
Bank interest income	117,931	24,511
Others	167,191	208,603
	<u>285,122</u>	<u>233,114</u>

7. OTHER GAINS AND LOSSES

	30 June 2022 (Unaudited)	30 June 2021 (Unaudited)
Gain arising on change in fair value of financial assets designated at fair value through profit or loss	385,674	462,242
Gain on deemed disposal of interest in an associate	–	2,777,185
Net foreign exchange gains	6,159	24,807
	<u>391,833</u>	<u>3,264,234</u>

8. INCOME TAX CREDIT

	30 June 2022 (Unaudited)	30 June 2021 (Unaudited)
Current tax — PRC	–	–
Deferred tax		
Current period	227,432	425,834
Income tax credit	<u>227,432</u>	<u>425,834</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 2021: 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.

9. (LOSS)/PROFIT FOR THE PERIOD

	30 June 2022 (Unaudited)	30 June 2021 (Unaudited)
(Loss)/profit for the period has been arrived at after charging/(crediting):		
Gross rental income from investment properties	(2,403,142)	(2,661,125)
Less: Direct operating expenses that generated rental income during the period	109,362	108,276
	<u>(2,293,780)</u>	<u>(2,552,849)</u>
Depreciation of hotel property	1,224,529	1,224,531
Depreciation of other property, plant and equipment	621,105	660,671
	<u>1,845,634</u>	<u>1,885,202</u>
Depreciation of right-of-use assets	1,567,966	1,627,793
Total depreciation and amortisation	<u>3,413,600</u>	<u>3,512,995</u>
Salaries and other benefits (including directors' remunerations)	4,930,560	6,309,641
Retirement benefit scheme contributions	636,157	535,527
Staff costs	<u>5,566,717</u>	<u>6,845,168</u>

10. (LOSS)/EARNINGS PER SHARE

The calculation of basic and diluted loss (2021: earning) per share of the Company is based on the unaudited consolidated net loss attributable to the owner of the Company of HK\$3,042,230 (30 June 2021: profit of HK\$2,838,600), 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.

11. INTERIM DIVIDEND

The Board has resolved not to recommend the payment of an interim dividend for the period (30 June 2021: Nil).

12. PROPERTY, PLANT AND EQUIPMENT

	Hotel property (Unaudited)	Furniture and fixtures (Unaudited)	Leasehold improvements (Unaudited)	Plant, machinery and equipment (Unaudited)	Total (Unaudited)
At cost					
At 1 January 2021 (audited)	92,391,462	3,735,055	19,992,493	7,114,742	123,233,752
Additions	–	4,878	1,051,312	113,407	1,169,597
Disposal and write-off	–	–	–	(464,835)	(464,835)
Exchange adjustments	–	108,440	587,842	205,199	901,481
	<u>92,391,462</u>	<u>3,848,373</u>	<u>21,631,647</u>	<u>6,968,513</u>	<u>124,839,995</u>
At 31 December 2021 and 1 January 2022 (audited)	92,391,462	3,848,373	21,631,647	6,968,513	124,839,995
Additions	–	–	–	33,003	33,003
Written off	–	–	–	(19,533)	(19,533)
Exchange adjustments	–	(167,089)	(950,822)	(300,327)	(1,418,238)
	<u>92,391,462</u>	<u>3,681,284</u>	<u>20,680,825</u>	<u>6,681,656</u>	<u>123,435,227</u>
As at 30 June 2022	<u>92,391,462</u>	<u>3,681,284</u>	<u>20,680,825</u>	<u>6,681,656</u>	<u>123,435,227</u>
Depreciation and impairment					
At 1 January 2021 (audited)	80,350,235	2,940,602	15,509,132	5,523,265	104,323,234
Provided for the year	2,449,064	163,306	1,036,343	340,086	3,988,799
Eliminated on disposal and write-off	–	–	–	(459,832)	(459,832)
Exchange adjustments	–	88,129	471,785	163,801	723,715
	<u>82,799,299</u>	<u>3,192,037</u>	<u>17,017,260</u>	<u>5,567,320</u>	<u>108,575,916</u>
At 31 December 2021 and 1 January 2022 (audited)	82,799,299	3,192,037	17,017,260	5,567,320	108,575,916
Provided for the period	1,224,529	69,186	411,388	140,531	1,845,634
Eliminated on written off	–	–	–	(13,389)	(13,389)
Exchange adjustments	–	(140,452)	(757,037)	(241,680)	(1,139,169)
	<u>84,023,828</u>	<u>3,120,771</u>	<u>16,671,611</u>	<u>5,452,782</u>	<u>109,268,992</u>
As at 30 June 2022	<u>84,023,828</u>	<u>3,120,771</u>	<u>16,671,611</u>	<u>5,452,782</u>	<u>109,268,992</u>
Net carrying amounts as at 30 June 2022	<u>8,367,634</u>	<u>560,513</u>	<u>4,009,214</u>	<u>1,228,874</u>	<u>14,166,235</u>
As at 31 December 2021 (audited)	<u>9,592,163</u>	<u>656,336</u>	<u>4,614,387</u>	<u>1,401,193</u>	<u>16,264,079</u>

13. RIGHT-OF-USE ASSETS

	Leasehold Land	Office premise	Total
COST			
Balance at 1 January 2022	12,961,874	4,144,740	17,106,614
Additions	–	2,504,381	2,504,381
	<u>12,961,874</u>	<u>6,649,121</u>	<u>19,610,995</u>
Balance at 30 June 2022	12,961,874	6,649,121	19,610,995
DEPRECIATION			
Balance at 1 January 2022	5,622,021	3,914,472	9,536,493
Provided for the period	936,998	630,968	1,567,966
	<u>6,559,019</u>	<u>4,545,440</u>	<u>11,104,459</u>
Balance at 30 June 2022	6,559,019	4,545,440	11,104,459
CARRYING AMOUNTS			
Balance at 30 June 2022	<u>6,402,855</u>	<u>2,103,681</u>	<u>8,506,536</u>
Balance at 31 December 2021	<u>7,339,853</u>	<u>230,268</u>	<u>7,570,121</u>

14. INVESTMENT PROPERTIES

FAIR VALUE

At 31 December 2021 and at 30 June 2022

235,800,000

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purpose are measured using the fair value model and are classified and accounted for as investment properties.

15. INVENTORIES

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Consumables	<u>241,986</u>	<u>293,550</u>

16. TRADE AND OTHER RECEIVABLES

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Trade receivables	573,630	886,331
Loss allowance	<u>(124,971)</u>	<u>(126,426)</u>
	<u>448,659</u>	<u>759,905</u>
Other receivables, utility deposits and prepayments	15,639,482	15,031,068
Loss allowance	<u>(14,573,294)</u>	<u>(13,872,410)</u>
	<u>1,066,188</u>	<u>1,158,658</u>
Total trade and other receivables	<u><u>1,514,847</u></u>	<u><u>1,918,563</u></u>

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

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
0–30 days	500,213	880,526
31–60 days	–	–
61–90 days	–	–
91–180 days	–	5,805
181–360 days	–	–
Over 360 days	<u>73,417</u>	<u>–</u>
	573,630	886,331
Less: Loss allowance	<u>(124,971)</u>	<u>(126,426)</u>
	<u><u>448,659</u></u>	<u><u>759,905</u></u>

17. TRADE AND OTHER PAYABLES

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Trade payables	1,169,056	1,253,454
Other payables	8,270,625	9,199,920
Total trade and other payables	<u>9,439,681</u>	<u>10,453,374</u>

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

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Current to six months	928,652	1,001,731
Over six months and within one year	–	41,011
Over one year	240,404	210,712
	<u>1,169,056</u>	<u>1,253,454</u>

The average credit period is 60 days (31 December 2021: 60 days).

18. SHARE CAPITAL

	Number of shares	HK\$
Issued and fully paid		
At 1 January 2021, 31 December 2021 and 30 June 2022	<u>1,145,546,000</u>	<u>898,839,029</u>

19. APPROVAL OF THE INTERIM FINANCIAL STATEMENT

These condensed interim financial statements were approved and authorised for issue by the Directors on 26 August 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the six months ended 30 June 2022, the Group recorded net loss attributable to owners of the Company of approximately HK\$3.04 million (30 June 2021: profit of HK\$2.84 million). The Group's net loss is mainly attributable to the decrease of approximately 53% in revenue from hotel operations for the period ended 30 June 2022 as compared to the revenue from hotel of approximately HK\$10.68 million for the six months ended 30 June 2021.

The turnover of the Group for the six months ended 30 June 2022 amounted to approximately HK\$7.43 million, representing a decrease of approximately 44% from approximately HK\$13.34 million in the corresponding period of previous year. The decrease is mainly due to the decrease 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 2022, the gearing ratio (divided non-current liabilities by equity plus non-current liabilities multiple by 100 which results in percentage) of the Group was 0.48% (31 December 2021: 0.33%).

The Group has always maintained a low debt ratio and has sufficient liquidity. During the epidemic period, the Group has implemented various cost-saving measures to further strengthen cost control and minimize cash expenses. In the case of the continuous epidemic, our main priority is to protect our staff's livelihoods while this pandemic continues, strengthens the internal training and promotion, improves the rules and regulations and prepares for the accelerated development after the epidemic.

OPERATIONAL REVIEW

A. Star-rated hotel operation

For the recent years, 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" on 2020.

Star-rated hotel operation is the main source of revenue for the Group. For the six months ended 30 June 2022, the turnover of the hotel operation was approximately HK\$5.03 million (30 June 2021: HK\$10.68 million), representing a decrease of approximately 53% from the corresponding period of last year. The decrease mentioned above is mainly attributable to the prolonged outbreak of "COVID-19" pandemic continue in the first half of the financial year.

For the period under review, the average occupancy rate was approximately 17% (30 June 2021: 44%), representing a decrease of 61% over the corresponding period of last year. Average daily rate (ADR) was approximately RMB287 (30 June 2021: RMB326) representing a decrease of 12% 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 2022, together with comparative figures as of 30 June 2021:

	30 June 2022		30 June 2021	
	<i>HK\$ in thousand</i>	<i>% of revenue</i>	<i>HK\$ in thousand</i>	<i>% of revenue</i>
Accommodation revenue	2,060	41%	6,225	58%
Catering	2,158	43%	3,519	33%
Rental revenue	413	8%	596	6%
Others	399	8%	337	3%
	<u>5,030</u>	<u>100%</u>	<u>10,677</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 period under review, the accommodation revenue of star-rated hotel was approximately HK\$2.06 million, representing a decrease of approximately 67% over the corresponding period of 2021.

Affected by the locally spread of the epidemic in certain areas in Mainland, the operating income of the hotel industry has declined periodically and the rigid expenditure of operating costs cannot be reduced, which brings challenges to the industry. According to the current situation of the hotel location and its own facilities structure, our hotel is positioned as a leisure and business hotel and expanding meetings and training customers, increase the cultural cultivation such as “home of comrades in arms” 「戰友之家」, “home of chamber of commerce” 「商會之家」, “home of calligraphers” 「書法家之家」, “home of helper” 「援友之家」 etc. and other cultures development programme so as to establishing an “education and training base” 「教育培訓基地」. During the period under review, the source of customers accounted for 46% of the total source, 5 percentage points less than 51% in the same period of last year. The Group will continue to implement strict cost control measures, seeking to further improve operational efficiency to minimize adverse impacts.

Catering revenue

Since 2015, the hotel has vigorously developed its group catering business. During the review period, the group generated approximately HK\$2.16 million in revenue, accounting for approximately 43% of the hotel business turnover, an increase of 10 percentage points over 33% in the same period last 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 Mid-Autumn Festival banquet, year-end banquet, graduation banquet, other banquet online to offline business and carry out online sales cooperation with the banquet network platforms “Wedding 100” 「婚禮100」 and “Banquet Ge Ge” 「宴格格」 and achieve initial results in the expansion to extension of the banquet and group meals.

Looking forward, with the normalization of epidemic prevention and control in China, 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 centre in the Group’s hotel. This contributed to approximately HK\$0.41 million in rental revenue during the six months under review, representing approximately 8% of the hotel operation’s turnover.

B. Hong Kong properties held by the Group

Due to the impact of the epidemic, 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 90% 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\$2.40 million, compared to the corresponding period of last year representing a decrease of approximately 10%.

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\$0.67 million for the period under review due to declining market sales and rising manufacturing costs. (2021: loss of approximately HK\$0.06 million)

D. Finance Leasing

In order to strengthen and expand the capital and scale of Fujian Huamin Financial Leasing Co., LTD. (“Fujian Huamin Leasing”), and to meet the needs of project delivery and business development, the Board is pleased to announce that the Company received a resolution from Fujian Huamin Leasing Company Limited (“Fujian Huamin Leasing”) on 20 April 2022 to increase its registered capital from RMB270,000,000 to RMB500,000,000 by ways of capitalization of its retained profits and capital reserve and agree Fujian Huamin Industrial Group Company Limited (“FHIG”) additionally contribute of approximately of RMB134.63 million to finalize the above transactions. Upon completion of the capital increase, the interest of the Company in Fujian Huamin Leasing will be reduced to 18.44%, FHIG will own 74.24% and Fujian Mingang Enterprises Co., Ltd. will own 7.32% of the interest in Fujian Huamin Leasing respectively. Besides, share premium totaling approximately of RMB0.68 million arising on the settlement of the Capital Increase will recognize in Capital Reserve in the period in which it arises.

For the six months ended 30 June 2022, the interest in finance leasing contributed approximately HK\$3.83 million profit for the period (30 June 2021: profit of approximately HK\$4.20 million).

FUTURE DEVELOPMENT

Improving operational efficiency and driving revenue growth remain the group's top priorities in 2022. The Group will continue to use investment and operation management as the core driver of enterprise value growth: continuously search assets with healthy profitability and excellent growth potential as long-term investment through our concept of investment management. On the other hand, Our Group will optimize its internal process and improve management efficiency so as to enhance the potential and intrinsic value of enterprise resources.

The Group will strive to grasp the opportunity of state assets reform, accelerate the reform of mechanism and system of the Group, intensify efforts to invigorate and optimize the group assets such as properties in Hong Kong. Further, we will continue to integrate hotel resources, cultural tourism industry, equity investment and other business clusters and improve the efficiency of asset operation to release its value. Meanwhile, the management will continue to monitor the epidemic control situation and assess its potential risks and the impact on the group's financial and business prospects. Furthermore, we will constantly strengthen our risk prevention and control, compliance management and continuously improve the standard of corporate governance of the group.

The group's financial fundamentals is stable as a whole, with investment development strength and bring into full play of the strengths of Fujian Tourism Development Group Company Limited as "Top 20 advantage Tourism Group in China" and further strengthen, enrich and optimize the management team configuration, adopt market-oriented incentive mechanism so as to actively seek new breakthroughs in cultural, tourism related industries and other business fields. With Industry + Capital model 「產業+資本的模式」, we will actively develop profitable business investment opportunities and new growth potential, establish the core business industry chain, expand medium and long-term income source to create greater value and returns for the shareholders.

FINANCIAL REVIEW

Capital Structure

As at 30 June 2022, 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 2022, the Group had a net cash balance of approximately HK\$43.78 million (31 December 2021: HK\$49.52 million). The Group's net asset value (assets less liabilities) was approximately HK\$424.82 million (31 December 2021: HK\$429.66 million), with a liquidity ratio (ratio of current assets to current liabilities) of 4.26 (31 December 2021: 4.83). During the period 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.

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:

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Cash and cash equivalents denominated in RMB (in thousands)	<u><u>36,000</u></u>	<u><u>41,231</u></u>
Cash and cash equivalents denominated in HK\$ (in thousands)	<u><u>7,783</u></u>	<u><u>8,289</u></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 2022, the Group did not charge any of its assets (31 December 2021: 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 2022 (31 December 2021: Nil).

Capitalised Borrowing Costs

No borrowing costs were being capitalised during the six months ended 30 June 2022 (31 December 2021: 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 2022, the Group had approximately 126 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 2022.

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 six months ended 30 June 2022.

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 2022 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 2022.

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 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 2022 was approved by the Board for issue on 26 August 2022.

PUBLICATION OF INFORMATION ON WEBSITES

This announcement is published on the websites of the Company (www.fujianholdings.com) and the Stock Exchange (www.hkexnews.hk). The interim report of the Company for the period ended 30 June 2022 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.

By Order of the Board
Fujian Holdings Limited
Lin Nuchao
Chairman

Hong Kong, 26 August 2022

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