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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 2023

FINANCIAL HIGHLIGHT

	Six months ended 30 June 2023 HK\$	Six months ended 30 June 2022 HK\$
• Revenue	<u>16,615,774</u>	<u>7,433,478</u>
• Profit/(loss) attributable to owners of the Company	<u>507,292</u>	<u>(3,042,230)</u>
• Earnings/(loss) per share – Basic and diluted (<i>HK cents per Share</i>)	<u>0.04</u>	<u>(0.27)</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 2023 (the “**Period**”) together with the unaudited comparative figures for the corresponding period in 2022 as follows:

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

For the period from 1 January 2023 to 30 June 2023 (in HK Dollars)

		30 June 2023	30 June 2022
	<i>Notes</i>	(Unaudited)	(Unaudited)
Revenue	4	16,615,774	7,433,478
Other income	6	399,561	285,122
Other gains and losses	7	3,395,827	391,833
Employee benefits expense		(6,146,344)	(5,566,717)
Depreciation of property, plant and equipment		(1,743,906)	(1,845,634)
Depreciation of right-of-use assets		(1,546,396)	(1,567,966)
Finance costs		(37,821)	(20,619)
Share of results of associates		(491,617)	3,158,454
Other operating expenses		(10,313,449)	(5,537,613)
Profit/(loss) before tax		131,629	(3,269,662)
Income tax credit	8	375,663	227,432
Profit/(loss) for the period	9	507,292	(3,042,230)
Other comprehensive expense: <i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translating foreign operations		(1,067,804)	(1,800,082)
Other comprehensive expense for the period, net of income tax		(1,067,804)	(1,800,082)
Total comprehensive expense for the period		(560,512)	(4,842,312)

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

For the period from 1 January 2023 to 30 June 2023 (in HK Dollars)

		30 June 2023	30 June 2022
	<i>Notes</i>	(Unaudited)	(Unaudited)
Profit/(loss) for the period attributable to:			
Owners of the Company		<u>507,292</u>	<u>(3,042,230)</u>
Total comprehensive expense attributable to:			
Owners of the Company		<u>(560,512)</u>	<u>(4,842,312)</u>
Earnings/(loss) per share			
Basic (HK cents per share)	<i>10</i>	<u>0.04</u>	<u>(0.27)</u>
Diluted (HK cents per share)	<i>10</i>	<u>0.04</u>	<u>(0.27)</u>

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION*At 30 June 2023 (in HK Dollars)*

		30 June	31 December
		2023	2022
	<i>Notes</i>	(Unaudited)	(Audited)
Non-current assets			
Property, plant and equipment	<i>12</i>	10,706,680	12,596,501
Right-of-use assets	<i>13</i>	5,377,957	6,924,353
Investment properties	<i>14</i>	234,900,000	234,900,000
Interest in associates		14,021,844	14,513,460
Financial assets at fair value through profit or loss	<i>15</i>	107,893,000	104,515,000
		372,899,481	373,449,314
Current assets			
Inventories	<i>16</i>	227,151	285,767
Trade and other receivables	<i>17</i>	3,169,087	970,883
Cash and bank balances		38,204,363	39,730,957
		41,600,601	40,987,607
Current liabilities			
Trade and other payables	<i>18</i>	11,112,423	9,503,695
Lease liabilities	<i>19</i>	873,426	1,234,573
		11,985,849	10,738,268
Net current assets		29,614,752	30,249,339
Total assets less current liabilities		402,514,233	403,698,653

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
(CONTINUED)**

At 30 June 2023 (in HK Dollars)

		30 June 2023	31 December 2022
	<i>Notes</i>	(Unaudited)	(Audited)
Capital and reserves			
Equity attributable to owners of the Company			
Share capital	20	898,839,029	898,839,029
Reserves		(496,875,301)	(496,314,789)
Total equity		<u>401,963,728</u>	<u>402,524,240</u>
Non-current liabilities			
Lease liabilities	19	–	248,245
Deferred tax liabilities		550,505	926,168
		<u>550,505</u>	<u>1,174,413</u>
		<u><u>402,514,233</u></u>	<u><u>403,698,653</u></u>

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY*For the period from 1 January 2023 to 30 June 2023 (in HK Dollars)*

	Attributable to owners of the Company			Total
	Share capital	Translation reserve	Accumulated losses	
At 1 January 2023 (audited)	<u>898,839,029</u>	<u>(11,650,860)</u>	<u>(484,663,929)</u>	<u>402,524,240</u>
Profit for the period	–	–	507,292	507,292
Other comprehensive expense for the period	–	<u>(1,067,804)</u>	–	<u>(1,067,804)</u>
Total comprehensive expense for the period	–	<u>(1,067,804)</u>	<u>507,292</u>	<u>(560,512)</u>
At 30 June 2023 (unaudited)	<u>898,839,029</u>	<u>(12,718,664)</u>	<u>(484,156,637)</u>	<u>401,963,728</u>

	Attributable to owners of the Company			Total
	Share capital	Translation reserve	Accumulated losses	
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>(1,800,082)</u>	–	<u>(1,800,082)</u>
Total comprehensive expense for the period	–	<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>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period from 1 January 2023 to 30 June 2023 (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 2022, 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 2022, 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 2023. 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

The Group has adopted the following new standards, interpretation and amendments to standards which are relevant to the Group's operations and are mandatory for the financial period beginning on 1 January 2023:

Amendments to HKFRS 17	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies (amendments)
HKAS 8	Definition of Accounting Estimates (amendments)
Amendments to HKAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (amendments)

The adoption of the above new standards, interpretation and amendments to standards did not have any significant financial impact on these condensed consolidated financial statements.

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 2023 (Unaudited)	30 June 2022 (Unaudited)
Gross rental income from letting of investment properties	1,961,876	2,403,142
Revenue from hotel operations	14,653,898	5,030,336
	<u>16,615,774</u>	<u>7,433,478</u>

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

	30 June 2023 (Unaudited)	30 June 2022 (Unaudited)
Types of goods or services		
Accommodation income	8,107,457	2,060,347
Catering and other income	6,546,441	2,969,989
	14,653,898	5,030,336
Geographical markets		
Mainland China	14,653,898	5,030,336
Timing of revenue recognition		
A point in time	6,546,441	2,969,989
Over time	8,107,457	2,060,347
	14,653,898	5,030,336

(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 2023 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 2023 (Unaudited)	30 June 2022 (Unaudited)	30 June 2023 (Unaudited)	30 June 2022 (Unaudited)	30 June 2023 (Unaudited)	30 June 2022 (Unaudited)
REVENUE						
Revenue from external customers	1,961,876	2,403,142	14,653,898	5,030,336	16,615,774	7,433,478
Segment profit/(loss) before depreciation and others	1,805,507	2,293,780	225,710	(3,776,300)	2,031,217	(1,482,520)
Depreciation	–	–	(1,732,687)	(1,837,250)	(1,732,687)	(1,837,250)
Segment results	1,805,507	2,293,780	(1,506,977)	(5,613,550)	298,530	(3,319,770)
Unallocated income					3,795,388	30,162
Central administration costs					(3,470,672)	(3,138,508)
Share of results of associates					(491,617)	3,158,454
Profit/(loss) before tax					131,629	(3,269,662)
Income tax credit					375,663	227,432
Profit/(loss) for the period					507,292	(3,042,230)

Segment revenue as reported above represents revenue generated from external customers. There were no intersegment sales in the current period (30 June 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 bank interest income and other unallocated income, corporate administration costs including director's remuneration, share of profit/(loss) 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 2023 (Unaudited)	31 December 2022 (Audited)	30 June 2023 (Unaudited)	31 December 2022 (Audited)	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Assets						
Segment assets	240,901,628	242,295,594	51,460,390	52,981,258	292,362,018	295,276,852
Interest in associates					14,021,844	14,513,460
Financial assets at fair value through profit or loss					107,893,000	104,515,000
Unallocated corporate assets					223,220	131,609
Consolidated total assets					<u>414,500,082</u>	<u>414,436,921</u>
Liabilities						
Segment liabilities	(2,776,317)	(3,248,483)	(7,961,631)	(6,818,855)	(10,737,948)	(10,067,338)
Unallocated corporate liabilities					(1,798,406)	(1,845,343)
Consolidated total liabilities					<u>(12,536,354)</u>	<u>(11,912,681)</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 2023 (Unaudited)	30 June 2022 (Unaudited)
Mainland China	14,653,898	5,030,336
Hong Kong	1,961,876	2,403,142
	<u>16,615,774</u>	<u>7,433,478</u>

6. OTHER INCOME

	30 June 2023 (Unaudited)	30 June 2022 (Unaudited)
Bank interest income	317,727	117,931
Others	<u>81,834</u>	<u>167,191</u>
	<u>399,561</u>	<u>285,122</u>

7. OTHER GAINS AND LOSSES

	30 June 2023 (Unaudited)	30 June 2022 (Unaudited)
Gain arising on change in fair value of financial assets at fair value through profit or loss	3,378,000	385,674
Net foreign exchange gains	<u>17,827</u>	<u>6,159</u>
	<u>3,395,827</u>	<u>391,833</u>

8. INCOME TAX CREDIT

	30 June 2023 (Unaudited)	30 June 2022 (Unaudited)
Current tax – PRC	–	–
Deferred tax		
Current period	<u>375,663</u>	<u>227,432</u>
Income tax credit	<u>375,663</u>	<u>227,432</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 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 period.

9. PROFIT/(LOSS) FOR THE PERIOD

	30 June 2023 (Unaudited)	30 June 2022 (Unaudited)
Profit/(loss) for the period has been arrived at after charging:		
Gross rental income from investment properties	(1,961,876)	(2,403,142)
Less: Direct operating expenses that generated rental income during the period	156,369	109,362
	<u>(1,805,507)</u>	<u>(2,293,780)</u>
Depreciation of hotel property	1,224,529	1,224,529
Depreciation of other property, plant and equipment	519,377	621,105
	<u>1,743,906</u>	<u>1,845,634</u>
Depreciation of right-of-use assets	1,546,396	1,567,966
Total depreciation and amortisation	<u>3,290,302</u>	<u>3,413,600</u>
Salaries and other benefits (including directors' remunerations)	5,490,673	4,930,560
Retirement benefit scheme contributions	655,671	636,157
Staff costs	<u>6,146,344</u>	<u>5,566,717</u>

10. EARNINGS/(LOSS) PER SHARE

The calculation of basic and diluted profit (2022: loss) per share of the Company is based on the unaudited consolidated net profit attributable to the owner of the Company of HK\$507,292 (30 June 2022: loss of HK\$3,042,230), on 1,145,546,000 ordinary shares in issue during the period.

The diluted earnings/(loss) per share for the respective periods are the same as basic earnings/(loss) 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 2022: 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 2022 (audited)	92,391,462	3,848,373	21,631,647	6,968,513	124,839,995
Additions	–	446,807	–	170,201	617,008
Disposal and written off	–	–	–	(24,273)	(24,273)
Exchange adjustments	–	(322,018)	(1,832,443)	(578,796)	(2,733,257)
	<u>–</u>	<u>(322,018)</u>	<u>(1,832,443)</u>	<u>(578,796)</u>	<u>(2,733,257)</u>
At 31 December 2022 and 1 January 2023 (audited)	92,391,462	3,973,162	19,799,204	6,535,645	122,699,473
Additions	–	–	–	14,592	14,592
Exchange adjustments	–	(122,258)	(616,537)	(197,768)	(936,563)
	<u>–</u>	<u>(122,258)</u>	<u>(616,537)</u>	<u>(197,768)</u>	<u>(936,563)</u>
At 30 June 2023	92,391,462	3,850,904	19,182,667	6,352,469	121,777,502
	<u><u>92,391,462</u></u>	<u><u>3,850,904</u></u>	<u><u>19,182,667</u></u>	<u><u>6,352,469</u></u>	<u><u>121,777,502</u></u>
Depreciation and impairment					
At 1 January 2022 (audited)	82,799,299	3,192,037	17,017,260	5,567,320	108,575,916
Provided for the year	2,449,064	227,957	801,824	286,241	3,765,086
Eliminated on disposal and written off	–	–	–	(17,445)	(17,445)
Exchange adjustments	–	(276,621)	(1,472,988)	(470,976)	(2,220,585)
	<u>–</u>	<u>(276,621)</u>	<u>(1,472,988)</u>	<u>(470,976)</u>	<u>(2,220,585)</u>
At 31 December 2022 and 1 January 2023 (audited)	85,248,363	3,143,373	16,346,096	5,365,140	110,102,972
Provided for the period	1,224,529	92,259	309,342	117,776	1,743,906
Exchange adjustments	–	(98,227)	(513,823)	(164,006)	(776,056)
	<u>–</u>	<u>(98,227)</u>	<u>(513,823)</u>	<u>(164,006)</u>	<u>(776,056)</u>
At 30 June 2023	86,472,892	3,137,405	16,141,615	5,318,910	111,070,822
	<u><u>86,472,892</u></u>	<u><u>3,137,405</u></u>	<u><u>16,141,615</u></u>	<u><u>5,318,910</u></u>	<u><u>111,070,822</u></u>
Net carrying amounts at 30 June 2023	5,918,570	713,499	3,041,052	1,033,559	10,706,680
	<u><u>5,918,570</u></u>	<u><u>713,499</u></u>	<u><u>3,041,052</u></u>	<u><u>1,033,559</u></u>	<u><u>10,706,680</u></u>
At 31 December 2022 (audited)	7,143,099	829,789	3,453,108	1,170,505	12,596,501
	<u><u>7,143,099</u></u>	<u><u>829,789</u></u>	<u><u>3,453,108</u></u>	<u><u>1,170,505</u></u>	<u><u>12,596,501</u></u>

13. RIGHT-OF-USE ASSETS

	Leasehold Land	Office premise	Total
COST			
Balance at 1 January 2023 and 30 June 2023	<u>12,961,874</u>	<u>6,649,121</u>	<u>19,610,995</u>
DEPRECIATION			
Balance at 1 January 2023	7,496,028	5,190,614	12,686,642
Provided for the period	<u>937,003</u>	<u>609,393</u>	<u>1,546,396</u>
Balance at 30 June 2023	<u>8,433,031</u>	<u>5,800,007</u>	<u>14,233,038</u>
CARRYING AMOUNTS			
Balance at 30 June 2023	<u>4,528,843</u>	<u>849,114</u>	<u>5,377,957</u>
Balance at 31 December 2022	<u>5,465,846</u>	<u>1,458,507</u>	<u>6,924,353</u>

14. INVESTMENT PROPERTIES

FAIR VALUE

At 31 December 2022 and at 30 June 2023

234,900,000

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. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets mandatorily measured at FVTPL:

	30 June 2023	31 December 2022
Unlisted equity securities	<u>107,893,000</u>	<u>104,515,000</u>

Notes:

- (a) The Company held 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**”) as at 30 June 2023. As disclosed in the 2022 Annual Report, 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\$76,423,690. The fair value of the equity interest in Fujian Huamin Leasing was HK\$107,893,000 as at 30 June 2023, representing approximately 26.04% of the total assets of the Company as at 30 June 2023. During the period ended 30 June 2023, the significant investment in Fujian Huamin Leasing contributed a gain arising on change in fair value of financial assets at fair value through profit or loss of HK\$3,378,000 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.

The following table summarizes the quantitative information about the significant unobservable inputs used in fair value measurements as at 30 June 2023:

Description	Fair value HK\$	Valuation technique	Significant unobservable input	Relationship of unobservable input(s) to fair value	Range of inputs	Sensitivity of fair value to the input
Fujian Huamin Leasing	107,893,000	Market approach	Price-to-book ratio	Higher the price-to- book ratio, higher the fair value and vice versa	1.02 to 1.12 (+/-5% relative to input adopted)	Approximately HK\$102,498,000 to approximately HK\$113,288,000
			Discount for lack of marketability	Higher the discount for lack of marketability, lower the fair value and vice versa	9.24% to 10.21% (+/-5% relative to input adopted)	Approximately HK\$108,474,000 to approximately HK\$107,311,000

16. INVENTORIES

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Consumables	227,151	285,767

17. TRADE AND OTHER RECEIVABLES

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Trade receivables	2,539,913	378,603
Loss allowance	(115,918)	(115,717)
	2,423,995	262,886
Other receivables, utility deposits and prepayments	13,043,162	13,405,258
Loss allowance	(12,298,070)	(12,697,261)
	745,092	707,997
Total trade and other receivables	3,169,087	970,883

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 2023 (Unaudited)	31 December 2022 (Audited)
0–30 days	2,471,815	365,562
31–60 days	–	13,041
61–90 days	–	–
91–180 days	–	–
181–360 days	–	–
Over 360 days	68,098	–
	2,539,913	378,603
Less: Loss allowance	(115,918)	(115,717)
	2,423,995	262,886

18. TRADE AND OTHER PAYABLES

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Trade payables	1,635,515	1,103,193
Other payables	7,590,436	6,783,074
Rental deposit received	1,886,472	1,617,428
	11,112,423	9,503,695

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

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Current to six months	1,412,108	728,335
Over six months and within one year	–	127,398
Over one year	223,407	247,460
	1,635,515	1,103,193

The average credit period is 60 days (31 December 2022: 60 days).

19. LEASE LIABILITIES

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Lease liabilities payable:		
Within one year	873,426	1,234,573
Within a period of more than one year but not more than two years	–	248,245
	873,426	1,482,818
Less: Amount due for settlement with 12 months shown under current liabilities	(873,426)	(1,234,573)
Amount due for settlement after 12 months shown under non-current liabilities	–	248,245

20. SHARE CAPITAL

	Number of shares	HK\$
Issued and fully paid		
At 1 January 2022, 31 December 2022 and 30 June 2023	1,145,546,000	898,839,029

21. APPROVAL OF THE INTERIM FINANCIAL STATEMENT

These condensed interim financial statements were approved and authorised for issue by the Directors on 28 August 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the six months ended 30 June 2023, the Group recorded net profit attributable to owners of the Company of approximately HK\$0.51 million (30 June 2022: loss of HK\$3.04 million). The Group's net profit is mainly attributable to turnover of the hotel operation business improved and gain arising on change in fair value of financial assets designated at fair value through profit and loss.

The turnover of the Group for the six months ended 30 June 2023 amounted to approximately HK\$16.62 million, representing an increase of approximately 124% from approximately HK\$7.43 million in the corresponding period of previous year. The increase is mainly due to the increase in business volume of star-rated hotel operation during the period under review.

Given our good balance sheet status and cash generation ability, our financial position continues to be strong. As at 30 June 2023, the gearing ratio (divided non-current liabilities by equity plus non-current liabilities multiple by 100 which results in percentage) of the Group was 0.14% (31 December 2022: 0.29%).

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 six months ended 30 June 2023, the turnover of the hotel operation was approximately HK\$14.65 million (30 June 2022: HK\$5.03 million), representing an increase of approximately 191% from the corresponding period of last 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 64% (30 June 2022: 17%), representing an increase of 276% over the corresponding period of last year. Average daily rate (ADR) was approximately RMB344 (30 June 2022: RMB287) representing an increase of 20% 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 2023, together with comparative figures as of 30 June 2022:

	30 June 2023		30 June 2022	
	<i>HK\$ in thousand</i>	<i>% of revenue</i>	<i>HK\$ in thousand</i>	<i>% of revenue</i>
Accommodation revenue	8,108	55%	2,060	41%
Catering	5,672	39%	2,158	43%
Rental revenue	324	2%	413	8%
Others	550	4%	399	8%
	<u>14,654</u>	<u>100%</u>	<u>5,030</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\$8.11 million, representing an increase of approximately 294% over the corresponding period of 2022.

Catering revenue

Since 2015, the hotel has vigorously developed its group catering business. During the review period, the group generated approximately HK\$5.67 million in revenue, representing an increase of approximately 163% over the corresponding period of 2022.

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 centre in the Group's hotel. This contributed to approximately HK\$0.32 million in rental revenue during the six months under review, representing approximately 2% 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 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\$1.96 million, compared to the corresponding period of last year representing a decrease of approximately 18%.

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\$0.49 million for the period under review due to declining market sales and rising manufacturing materials. (2022: loss of approximately HK\$0.67 million).

D. Finance Leasing

For the six months ended 30 June 2023, the interest in finance leasing contributed approximately HK\$3.38 million gain in fair value which designated at fair value through profit or loss for the period (30 June 2022: profit of approximately HK\$3.83 million).

FUTURE DEVELOPMENT

Going forward, the global political situation remains intricate with challenges and opportunities coexisting. Only through difficulties can courage and determination be revealed, and through honing, one can achieve success. We firmly believe that by adhering to our core principles and exercising strict risk control, we can continue to use investment management and operational management as the driving force for sustained business value growth. On the one hand, through investment management, we will continuously seek assets with healthy profitability and excellent growth potential for long-term investment. On the other hand, at the group level, we will establish a multidimensional operational support system, optimize internal processes, and enhance management efficiency, using innovative thinking to guide and plan the future development strategy of the company, thereby fully unlocking and enhancing the potential and intrinsic value of our corporate resources.

FINANCIAL REVIEW

Capital Structure

As at 30 June 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 30 June 2023, the Group had a net cash balance of approximately HK\$38.20 million (31 December 2022: HK\$39.73 million). The Group's net asset value (assets less liabilities) was approximately HK\$401.96 million (31 December 2022: HK\$402.52 million), with a liquidity ratio (ratio of current assets to current liabilities) of 3.47 (31 December 2022: 3.82). 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 2023 Unaudited)	31 December 2022 (Audited)
Cash and cash equivalents denominated in RMB <i>(in thousands)</i>	<u><u>33,392</u></u>	<u><u>34,119</u></u>
Cash and cash equivalents denominated in HK\$ <i>(in thousands)</i>	<u><u>4,812</u></u>	<u><u>5,612</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 the shareholders of the Company (the “**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 2023, the Group did not charge any of its assets (31 December 2022: 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 2023 (31 December 2022: Nil).

Capitalised Borrowing Costs

No borrowing costs were being capitalised during the six months ended 30 June 2023 (31 December 2022: 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 2023, the Group had approximately 144 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 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 six months ended 30 June 2023.

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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

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 2023 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 2023.

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 2023 was approved by the Board for issue on 28 August 2023.

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 2023 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, 28 August 2023

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.