國泰君安國際
GUOTAI JUNAN INTERNATIONAL

GUOTAI JUNAN INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 1788)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

The board of directors (the "Board") of Guotai Junan International Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company (together with its subsidiaries, the "Group") for the six months ended 30 June 2019 together with comparative figures for the corresponding period of last year as follows:

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		
	2019	2018	Change
	HK$'000	*HK$'000*	*%*
Fee and commission income			
– brokerage	**291,667**	271,437	7.5%
– corporate finance	**452,559**	335,355	34.9%
– asset management	**10,215**	10,561	–3.3%
Income from loans and financing	**558,649**	716,824	–22.1%
Gain from financial products, market making and investments	**1,050,158**	344,038	205.2%
Revenue	**2,363,248**	1,678,215	40.8%
Profit for the period	**644,731**	541,691	19.0%
Profit attributable to ordinary equity holders of the Company	**638,856**	506,841	26.0%
Basic earnings per share (HK cents)	**8.35**	6.73	24.1%
Diluted earnings per share (HK cents)	**8.33**	6.71	24.1%
Equity per ordinary share (HK$) *(Note)*	**1.48**	1.41	5.0%
Dividend per share (HK cents)	**4.2**	3.3	27.3%
Dividend payment ratio *(Note)*	**50%**	50%	same

Note: Based on 7,649,756,690 shares (30 June 2018: 7,643,666,690 shares) as at 30 June 2019, being 7,715,673,090 shares issued and fully paid less 65,916,400 shares held under the Company's share award scheme (30 June 2018: 7,715,373,090 shares issued and fully paid less 71,706,400 shares held under the Company's share award scheme).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	For the six months ended 30 June **2019** ***Unaudited*** ***HK$'000***	 2018 *Unaudited* *HK$'000*
Revenue	*4*	**2,363,248**	1,678,215
Other income		**3,393**	1,100
Revenue and other income		**2,366,641**	1,679,315
Staff costs	*5*	**(367,551)**	(286,315)
Commission to account executives		**(62,085)**	(40,510)
Depreciation		**(30,120)**	(18,363)
Other operating expenses		**(737,625)**	(368,796)
Operating profit		**1,169,260**	965,331
Finance costs	*6*	**(437,355)**	(328,345)
Profit before tax	*7*	**731,905**	636,986
Income tax expense	*8*	**(87,174)**	(95,295)
Profit for the period		**644,731**	541,691
Other comprehensive income for the period, net of tax			
– Exchange difference on translation of foreign exchange		**188**	713
Total comprehensive income for the period		**644,919**	542,404
Profit for the period attributable to:			
Owners of the parent		**644,616**	550,720
– Holders of ordinary shares		**638,856**	506,841
– Holders of other equity instrument		**5,760**	43,879
Non-controlling interests		**115**	(9,029)
		644,731	541,691
Total comprehensive income for the period attributable to:			
Owners of the parent		**644,804**	551,433
– Holders of ordinary shares		**639,044**	507,554
– Holders of other equity instrument		**5,760**	43,879
Non-controlling interests		**115**	(9,029)
		644,919	542,404
Earnings per share attributable to ordinary equity holders of the parent			
– Basic (in HK cents)	*10(a)*	**8.35**	6.73
– Diluted (in HK cents)	*10(b)*	**8.33**	6.71

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**As at 30 June 2019** *Unaudited* ***HK$'000***	As at 31 December 2018 *Audited* *HK$'000*
Non-current assets			
Property, plant and equipment		**509,538**	471,644
Intangible assets		**1,913**	3,195
Deferred tax assets		**185,257**	129,807
Other assets		**5,669**	5,531
Loans and advances to customers	*11*	**857,571**	2,338,830
Financial assets at fair value through profit or loss			
– Financial products		**6,025,942**	4,333,237
Total non-current assets		**7,585,890**	7,282,244
Current assets			
Loans and advances to customers	*11*	**11,072,230**	9,936,545
Receivable from reverse repurchase agreements		**1,917,918**	3,109,006
Accounts receivable	*12*	**6,250,308**	5,347,223
Prepayments, deposits and other receivables		**114,466**	322,421
Financial assets at fair value through profit or loss		**51,751,904**	43,528,232
– Financial assets held for trading and investments		**19,643,403**	15,019,421
– Financial products		**32,108,501**	28,508,811
Derivative financial instruments		**301,522**	76,832
Tax recoverable		**1,919**	6,131
Client trust bank balances		**14,975,944**	14,319,985
Cash and cash equivalents		**4,676,047**	4,105,672
Total current assets		**91,062,258**	80,752,047

	Notes	As at **30 June 2019** ***Unaudited*** ***HK$'000***	As at 31 December 2018 *Audited* *HK$'000*
Current liabilities			
Accounts payable	*13*	**(20,989,443)**	(18,883,841)
Other payables and accrued liabilities		**(335,781)**	(537,400)
Derivative financial instruments		**(308,099)**	(23,620)
Bank and other borrowings	*14*	**(9,149,804)**	(9,441,083)
Debt securities in issue		**(23,875,903)**	(21,518,094)
– At amortised cost		**(6,683,722)**	(6,721,259)
– Designated at fair value through profit or loss		**(17,192,181)**	(14,796,835)
Financial liabilities at fair value through profit or loss		**(8,429,112)**	(8,731,117)
Obligations under repurchase agreements		**(15,974,252)**	(13,156,517)
Tax payable		**(100,747)**	(67,159)
Total current liabilities		**(79,163,141)**	(72,358,831)
Net current assets		**11,899,117**	8,393,216
Total assets less current liabilities		**19,485,007**	15,675,460

	Notes	As at 30 June 2019 Unaudited HK$'000	As at 31 December 2018 Audited HK$'000
Non-current liabilities			
Deferred tax liabilities		**(56,847)**	—
Bank and other borrowings	*14*	**(22,218)**	—
Debt securities in issue		**(8,026,681)**	(4,481,178)
– At amortised cost		**(1,560,604)**	—
– Designated at fair value through profit or loss		**(6,466,077)**	(4,481,178)
		(8,105,746)	(4,481,178)
Net assets		**11,379,261**	11,194,282
Equity			
Share capital		**8,125,856**	8,125,856
Other reserve		**(1,236,460)**	(1,236,460)
Currency translation reserve		**(467)**	(655)
Share-based compensation reserve		**79,350**	66,186
– Share option reserve		**27,229**	37,816
– Share award reserve		**52,121**	28,370
Shares held under the share award scheme		**(146,055)**	(142,051)
Retained profits		**4,506,044**	4,019,055
Equity attributable to holders of the ordinary shares		**11,328,268**	10,831,931
Equity attributable to holders of other equity instrument		**39,311**	350,784
Equity attributable to owners of the parent		**11,367,579**	11,182,715
Non-controlling interests		**11,682**	11,567
Total equity		**11,379,261**	11,194,282

NOTES TO INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was incorporated on 8 March 2010 in Hong Kong with limited liability under the Hong Kong Companies Ordinance (the "Companies Ordinance") and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 8 July 2010. The registered office address of the Company is 27th Floor, Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong. The Company is an investment holding company and its subsidiaries are principally engaged in brokerage, corporate finance, asset management, loans and financing, financial products, market making and investments.

The Company's immediate holding company and ultimate holding company are Guotai Junan Holdings Limited ("GJHL") incorporated in the British Virgin Islands and Guotai Junan Securities Company Limited ("GJSCL") incorporated in the People's Republic of China, respectively.

This unaudited interim financial information is presented in thousands of Hong Kong dollars (HK$'000), unless otherwise stated.

This unaudited interim financial information was approved by the Board for issue on 20 August 2019.

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

The unaudited interim financial information for the six months ended 30 June 2019 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The unaudited interim financial information should be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 December 2018, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The financial information relating to the year ended 31 December 2018 that is included in the Interim Report 2019 as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year 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 2018 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

The accounting policies and basis of preparation applied in the preparation of the unaudited interim financial information and the use of certain critical accounting judgments and estimates are the same as those used in the audited consolidated financial statements for the year ended 31 December 2018 disclosed in the 2018 annual report of the Company, except for the adoption of new standards effective as of 1 January 2019. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES (continued)

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") effective as of 1 January 2019.

HKFRS 16	*Leases*
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*
Annual Improvements 2015–2017 Cycle	*Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23*

Other than as explained below regarding the impact of HKFRS 16 Leases and HK(IFRIC)-Int 23 Uncertainty over Income Tax Treatments, the new and revised standards are not relevant to the preparation of the Group's interim condensed consolidated financial information. The nature and impact of the new and revised HKFRSs are described below:

HKFRS 16 Leases

HKFRS 16 replaces HKAS 17 Leases, HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease, HK(SIC)-Int 15 Operating Leases — Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under HKFRS 16 is substantially unchanged under HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption at 1 January 2019 and the comparative information for 2018 was not restated and continues to be reported under HKAS 17.

The impacts arising from the adoption of HKFRS 16 as at 1 January 2019 are as follows:

	HK$'000
Assets	
Increase in property, plant and equipment	53,060
Increase in total assets	53,060
Liabilities	
Increase in bank and other borrowings	51,106
Increase in other payables and accrued liabilities	1,954
Increase in total liabilities	53,060

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES (continued)

HK(IFRIC)-Int 23, "Uncertainty over Income Tax Treatments"

The Interpretation addresses the accounting for income taxes when tax treatments (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances.

Upon adoption of the interpretation, the Group considered the interpretation did not have any significant impact on the Group's interim condensed consolidated financial information.

3. OPERATING SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's senior executive management and in accordance with HKFRSs. The Group's operating businesses are structured and managed separately according to the nature of their operations and the services they provide. Each of the Group's operating segments represents a strategic business unit that offers services which are subject to risks and returns that are different from those of the other operating segments.

Details of each of the operating segments are as follows:

(a) the brokerage segment engages in the provision of securities, futures, options and leveraged foreign exchange dealing and broking as well as insurance brokerage services to customers;

(b) the corporate finance segment engages in the provision of advisory services, placing and underwriting services of debt and equity securities;

(c) the asset management segment engages in asset management, including fund management and the provision of investment advisory services;

(d) the loans and financing segment engages in the provision of margin financing and securities borrowing and lending to customers, initial public offering ("IPO") loans, other loans to customers and bank deposits;

(e) the financial products, market making and investments segment represents fund and equity investments, structuring of financial products as well as trading of debt securities, exchange traded funds ("ETF") and derivatives; and

(f) the "others" segment mainly represents rental income and the provision of information channel services.

3. OPERATING SEGMENT INFORMATION (continued)

Inter-segment transactions, if any, are conducted with reference to the prices charged to third parties.

The unaudited segment results of the Group for the six months ended 30 June 2019 are as follows:

	Brokerage *HK$'000*	Corporate finance *HK$'000*	Asset management *HK$'000*	Loans and financing *HK$'000*	Financial products, market making and investments *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment revenue and other income:							
Sales to external customers	**291,667**	**452,559**	**10,215**	**558,649**	**1,050,158**	**3,393**	**2,366,641**
Inter-segment sales	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Total	**291,667**	**452,559**	**10,215**	**558,649**	**1,050,158**	**3,393**	**2,366,641**
Segment results	**76,007**	**243,700**	**693**	**(219,273)**	**630,778**	**—**	**731,905**
Income tax expense							**(87,174)**
Profit for the period							**644,731**
Other segment information:							
Depreciation	**14,755**	**5,303**	**1,788**	**6,270**	**2,004**	**—**	**30,120**
Finance costs	**2,341**	**—**	**—**	**128,282**	**306,732**	**—**	**437,355**

The unaudited segment results of the Group for the six months ended 30 June 2018 are as follows:

	Brokerage *HK$'000*	Corporate finance *HK$'000*	Asset management *HK$'000*	Loans and financing *HK$'000*	Financial products, market making and investments *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment revenue and other income:							
Sales to external customers	271,437	335,355	10,561	716,824	344,038	1,100	1,679,315
Inter-segment sales	—	—	—	—	—	—	—
Total	271,437	335,355	10,561	716,824	344,038	1,100	1,679,315
Segment results	108,275	196,949	(8,803)	264,376	76,189	—	636,986
Income tax expense							(95,295)
Profit for the period							541,691
Other segment information:							
Depreciation	3,773	4,968	903	6,712	2,007	—	18,363
Finance costs	8,381	—	—	158,373	161,591	—	328,345

4. REVENUE

The Group's revenue is disaggregated as follows:

	For the six months ended 30 June	
	2019	2018
	Unaudited	*Unaudited*
	HK$'000	*HK$'000*
Revenue from contracts with customers		
Brokerage:		
Securities	**251,987**	227,302
Futures and options	**8,335**	13,688
Handling income	**27,372**	23,447
Leveraged foreign exchange	**729**	1,489
Insurance	**3,244**	5,511
	291,667	271,437
Corporate finance:		
Placing, underwriting and sub-underwriting commission		
– Debt securities	**324,536**	258,439
– Equity securities	**92,778**	59,875
Consultancy and financial advisory fee income	**35,245**	17,041
	452,559	335,355
Asset management:		
Management fee income	**10,111**	6,327
Performance fee income	**104**	4,234
	10,215	10,561
Financial products:		
Net income on structured financial products	**268,452**	386,877
	268,452	386,877
Revenue from other sources		
Loans and financing:		
Interest and handling income from customers and counterparty financing	**362,275**	603,351
Interest income from banks and others	**196,374**	113,473
	558,649	716,824
Market making and investments:		
Trading gain/(loss) on debt securities		
– Listed securities	**377,169**	(281,524)
– Unlisted securities	**31,094**	(12,645)
Interest income from debt securities		
– Listed securities	**337,728**	230,775
– Unlisted securities	**33,486**	18,648
Trading (loss)/gain on exchange traded funds	**(263)**	474
Trading gain/(loss) on equity securities	**12,616**	(42,941)
Trading loss on unconsolidated investment funds	**(54,271)**	(4,326)
Net gain on foreign exchange	**24,501**	26,599
Net gain on financial assets at fair value through profit or loss	**13,640**	16,407
Interest income from unlisted financial assets at fair value through profit or loss	**—**	2,127
Dividend income	**6,006**	3,567
	781,706	(42,839)
	2,363,248	1,678,215

5. STAFF COSTS

	For the six months ended 30 June	
	2019	2018
	Unaudited	*Unaudited*
	HK$'000	*HK$'000*
Staff costs (including directors' remuneration):		
Salaries, bonuses and allowances	**335,576**	253,821
Share-based compensation expenses		
– Share option scheme	**3,481**	1,677
– Share award scheme	**23,751**	26,752
Pension scheme contributions	**4,743**	4,065
	367,551	286,315

6. FINANCE COSTS

	For the six months ended 30 June	
	2019	2018
	Unaudited	*Unaudited*
	HK$'000	*HK$'000*
Bank borrowings and overdrafts	**166,993**	148,870
Debt securities in issue	**122,557**	88,188
Securities borrowing and lending	**3,493**	1,621
Financial instruments at fair value through profit or loss		
– Debt securities held for trading	**42,286**	38,624
Repurchase agreements	**87,839**	45,137
Lease liabilities	**994**	—
Others	**13,193**	5,905
	437,355	328,345

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2019	2018
	Unaudited	*Unaudited*
	HK$'000	*HK$'000*
Professional and consultancy fees	**40,229**	32,544
Information service expense	**15,684**	13,578
Repairs and maintenance (including system maintenance)	**26,068**	21,285
Marketing, advertising and promotion expenses	**4,007**	2,917
Foreign exchange difference, net	**13,675**	46,101
Other commission expenses	**13,822**	9,522
Net impairment charge on loans and advances to customers	**499,988**	188,169
Net impairment charge on accounts receivable	**12,697**	6,947
Net reversal of impairment on other financial assets and loan commitments	**(644)**	(503)

8. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2019	2018
	Unaudited	*Unaudited*
	HK$'000	*HK$'000*
Current, Hong Kong		
– Charge for the period	**85,777**	117,903
Deferred	**1,397**	(22,608)
Total tax charge for the period	**87,174**	95,295

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

9. PROPOSED INTERIM/FINAL DIVIDEND

The Board has declared an interim dividend of approximately HK$321,290,000 or HK$0.042 per ordinary share (2018: HK$252,241,000 or HK$0.033 per ordinary share) after the adjustment of excluding the dividend for the shares held under the share award scheme of the Company amounting to approximately HK$2,768,000 (2018: HK$2,366,000) for the six months ended 30 June 2019. The interim dividend proposed after the reporting date has not been recognized as a liability in the unaudited interim financial information at the end of the reporting period.

9. PROPOSED INTERIM/FINAL DIVIDEND (continued)

The Board recommended a final dividend of HK$0.02 per ordinary share for the year ended 31 December 2018 on 18 March 2019 and paid the final dividend of approximately HK$152,995,000 on 20 June 2019, as further adjusted to include the dividend for shares issued under the Company's general mandate and share option scheme and which amounted to nil and the dividend for the shares held and vested shares under the share award scheme amounting to HK$50,000 and nil respectively.

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculations of the basic and diluted earnings per share are based on:

(a) Basic earnings per share

The calculation of basic earnings per share for the period ended 30 June 2019 is based on the profit attributable to ordinary equity holders of the parent of HK$638,856,000 (2018: HK$506,841,000) and the weighted average number of ordinary shares in issue less shares held under the Company's share award scheme of 7,651,007,000 (2018: 7,525,941,000) during the period.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculation of diluted earnings per share is as follows:

	For the six months ended 30 June	
	2019	2018
	Unaudited	*Unaudited*
	HK$'000	*HK$'000*
Profit attributable to ordinary equity holders of the parent (in HK$'000)	**638,856**	506,841
Weighted average number of ordinary shares in issue less shares held for the share award scheme used in the basic earnings per share calculation (in '000)	**7,651,007**	7,525,941
Effect of dilution — weighted average number of ordinary shares:		
Share options under the share option scheme (in '000)	**6,238**	11,782
Awarded shares under the share award scheme (in '000)	**9,423**	12,795
Number of ordinary shares for the purpose of diluted earnings per share calculation (in '000)	**7,666,668**	7,550,518
Diluted earnings per share (in HK cents)	**8.33**	6.71

11. LOANS AND ADVANCES TO CUSTOMERS

	As at 30 June 2019 *Unaudited* *HK$'000*	As at 31 December 2018 *Audited* *HK$'000*
Non-current		
Term loans to customers	**858,000**	2,340,000
Less: impairment	**(429)**	(1,170)
	857,571	2,338,830
Current		
Margin loans	**10,747,044**	9,430,753
Term loans to customers	**1,399,911**	1,079,788
Less: impairment	**(1,074,725)**	(573,996)
	11,072,230	9,936,545
	11,929,801	12,275,375

The movements in the expected credit losses ("ECL") impairment allowance on loans and advances to customers are as follows:

	12-month ECL *Unaudited* *HK$'000*	Lifetime ECL not credit-impaired *Unaudited* *HK$'000*	Lifetime ECL credit-impaired *Unaudited* *HK$'000*	Total *Unaudited* *HK$'000*
As at 1 January 2019	**(13,316)**	**—**	**(561,850)**	**(575,166)**
New assets originated or purchased	**—**	**—**	**—**	**—**
Assets derecognised or repaid	**—**	**—**	**—**	**—**
Changes to risk parameters	**499**	**—**	**(191,513)**	**(191,014)**
Transfer from stage 1 to stage 3	**4,272**	**—**	**(4,272)**	**—**
Changes arising from transfer of stage	**—**	**—**	**(308,974)**	**(308,974)**
Amount written off during the period	**—**	**—**	**—**	**—**
As at 30 June 2019	**(8,545)**	**—**	**(1,066,609)**	**(1,075,154)**

11. LOANS AND ADVANCES TO CUSTOMERS (continued)

	12-month ECL *Audited* *HK$'000*	Lifetime ECL not credit-impaired *Audited* *HK$'000*	Lifetime ECL credit-impaired *Audited* *HK$'000*	Total *Audited* *HK$'000*
As at 1 January 2018	(7,685)	—	(397,168)	(404,853)
New assets originated or purchased	(272)	—	—	(272)
Assets derecognised or repaid	2,539	—	—	2,539
Changes to risk parameters	(8,062)	—	(199,280)	(207,342)
Transfer from stage 1 to stage 3	164	—	(164)	—
Changes arising from transfer of stage	—	—	(60,795)	(60,795)
Amount written off during the year	—	—	95,557	95,557
As at 31 December 2018	(13,316)	—	(561,850)	(575,166)

12. ACCOUNTS RECEIVABLE

(a) Analysis of accounts receivable

The carrying values of accounts receivable arising from the course of business of the Group are as follows:

	As at 30 June 2019 ***Unaudited*** ***HK$'000***	As at 31 December 2018 *Audited* *HK$'000*
Accounts receivable arising from brokerage		
– cash and custodian clients	**45,608**	33,503
– the Stock Exchange and other clearing houses	**2,854,246**	1,310,012
– brokers and dealers	**2,328,143**	3,723,323
Accounts receivable arising from insurance brokerage services		
– cash and custodian clients	**39**	23
Accounts receivable arising from securities borrowing and lending		
– brokers and dealers	**77,706**	129,116
Accounts receivable arising from corporate finance, asset management, financial products, market making and investments		
– corporate clients, investment funds and others	**962,888**	156,871
	6,268,630	5,352,848
Less: impairment	**(18,322)**	(5,625)
	6,250,308	5,347,223

12. ACCOUNTS RECEIVABLE (continued)

(a) Analysis of accounts receivable (continued)

The movements in the impairment allowance on accounts receivable are as follows:

	2019	2018
	Unaudited	*Audited*
	HK$'000	*HK$'000*
At 1 January	**5,625**	44,137
Impairment charged to profit or loss during the period	**12,913**	467
Impairment reversed during the period	**(216)**	(22,050)
Amounts written off	**—**	(16,950)
Exchange difference	**—**	21
At 30 June 2019/31 December 2018	**18,322**	5,625

(b) Accounts receivable neither past due nor credit-impaired

	Accounts receivable from cash and custodian clients	**Accounts receivable from the Stock Exchange and other clearing houses**	**Accounts receivable from brokers and dealers**	**Accounts receivable from corporate clients, investment funds and others**	**Accounts receivable from insurance brokerage**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Unaudited						
As at 30 June 2019						
Neither past due nor credit-impaired	**31,265**	**2,854,246**	**2,405,849**	**905,205**	**39**	**6,196,604**
Less: impairment	**(16)**	**(1,581)**	**(561)**	**(741)**	**—**	**(2,899)**
	31,249	**2,852,665**	**2,405,288**	**904,464**	**39**	**6,193,705**
Audited						
As at 31 December 2018						
Neither past due nor credit-impaired	21,809	1,310,012	3,852,439	106,854	23	5,291,137
Less: impairment	(11)	(642)	(762)	(58)	—	(1,473)
	21,798	1,309,370	3,851,677	106,796	23	5,289,664

12. ACCOUNTS RECEIVABLE (continued)

(c) Accounts receivable past due but not credit-impaired

	Accounts receivable from cash and custodian clients *HK$'000*	Accounts receivable from the Stock Exchange and other clearing houses *HK$'000*	Accounts receivable from brokers and dealers *HK$'000*	Accounts receivable from corporate clients, investment funds and others *HK$'000*	Accounts receivable from insurance brokerage *HK$'000*	Total *HK$'000*
Unaudited						
As at 30 June 2019						
Past due less than 3 months	**14,138**	**—**	**—**	**14,890**	**—**	**29,028**
Past due 3 to 12 months	**—**	**—**	**—**	**—**	**—**	**—**
Past due over 12 months	**—**	**—**	**—**	**—**	**—**	**—**
Less: impairment	**(3,817)**	**—**	**—**	**(2,315)**	**—**	**(6,132)**
	10,321	**—**	**—**	**12,575**	**—**	**22,896**
Audited						
As at 31 December 2018						
Past due less than 3 months	11,514	—	—	48,451	—	59,965
Past due 3 to 12 months	—	—	—	—	—	—
Past due over 12 months	—	—	—	—	—	—
Less: impairment	(3,109)	—	—	(487)	—	(3,596)
	8,405	—	—	47,964	—	56,369

12. ACCOUNTS RECEIVABLE (continued)

(d) Credit-impaired accounts receivable

	Accounts receivable from cash and custodian clients *HK$'000*	Accounts receivable from the Stock Exchange and other clearing houses *HK$'000*	Accounts receivable from brokers and dealers *HK$'000*	Accounts receivable from corporate clients, investment funds and others *HK$'000*	Accounts receivable from insurance brokerage *HK$'000*	Total *HK$'000*
Unaudited						
As at 30 June 2019						
Credit-impaired accounts receivable	**205**	—	—	**42,793**	—	**42,998**
Less: impairment	**(163)**	—	—	**(9,128)**	—	**(9,291)**
	42	—	—	**33,665**	—	**33,707**
Audited						
As at 31 December 2018						
Credit-impaired accounts receivable	180	—	—	1,566	—	1,746
Less: impairment	(133)	—	—	(423)	—	(556)
	47	—	—	1,143	—	1,190

13. ACCOUNTS PAYABLE

	As at 30 June 2019 ***Unaudited*** ***HK$'000***	As at 31 December 2018 *Audited* *HK$'000*
Accounts payable arising from brokerage		
– clients	**14,361,874**	14,840,232
– brokers and dealers	**1,189,485**	1,110,459
– the Stock Exchange and other clearing houses	**1,985,844**	302,901
Accounts payable arising from securities borrowing and lending	**1,075,206**	730,926
Accounts payable arising from corporate finance, asset management, financial products, market making, investments and others	**2,375,564**	1,897,770
Accounts payable arising from insurance brokerage services	**1,470**	1,553
	20,989,443	18,883,841

The Group has a practice to satisfy all the requests for payment within one business day. No ageing analysis is disclosed as, in the opinion of the directors, the ageing analysis does not give additional value in view of the nature of these businesses.

14. BANK AND OTHER BORROWINGS

	As at 30 June 2019 *Unaudited* *HK$'000*	As at 31 December 2018 *Audited* *HK$'000*
Non-current:		
Lease liabilities	**22,218**	—
Current:		
Secured bank borrowings	**1,980,000**	—
Unsecured bank borrowings	**7,150,325**	9,441,083
Lease liabilities	**19,479**	—
	9,149,804	9,441,083
Total bank and other borrowings	**9,172,022**	9,441,083
Denominated in:		
HK$	**3,268,588**	4,100,000
US$	**5,900,325**	5,341,083
SGD	**3,109**	—
	9,172,022	9,441,083

15. CAPITAL COMMITMENTS AND OTHER COMMITMENTS

Capital commitments

The Group had capital commitments for system upgrade and renovation of premises of approximately HK$7,485,000 which were contracted but not provided for as at 30 June 2019 (31 December 2018: HK$9,575,000).

Other commitments

The Group undertakes underwriting obligations on placing, IPO, takeover and merger activities and financial obligations to loan facilities granted to customers. As at 30 June 2019, the underwriting and financial obligations were approximately HK$1,416 million and HK$1,569 million respectively (31 December 2018: HK$451 million and HK$53 million).

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

In the first half of 2019, the Hong Kong stock market experienced fluctuations to certain extent under the macro-environment of Sino-US trade friction. Driven by favorable domestic and international conditions, the Hang Seng Index continued to rise in the first four months. Since mid-to-late April, as the Sino-US trade dispute has once again warmed up and further expanded into the field of science and technology, the Hang Seng Index began to retreat from previous gains. As at the end of June, the Hang Seng Index closed at 28,543 points, representing an increase of approximately 10% as compared to the beginning of the year, the average daily trading volume of the Hong Kong stocks was approximately HK$97.9 billion, representing a decrease of 23% year-on-year. For initial public offering ("IPO"), there were 84 newly listed companies in Hong Kong for the first six months, down 22% as compared with the corresponding period of last year, whereas the fund raised from IPO increased by 35% to HK$69.5 billion, the Hong Kong stock market ranked third over the world in terms of total amount of fund raising. As the interest rate hike slowed down in the United States, investors' appetites in US dollar-denominated high yield bonds issued by the Chinese corporates were increased in the first half of the year, which accelerated an upward trend in the US dollar-denominated bond market. According to the statistics of Bloomberg, Asia (ex-Japan) G3 currency (USD, Euro and Yen) bond issuance amounted to US$186.8 billion in the first half of the year, representing an increase of 31% year-on-year.

Business Review

During the period under review, the Group further increased the market share and brand awareness in Hong Kong market through comprehensive financial services and products, in-depth understanding of market and quality customer engagement. In terms of development strategy, the Group acquired more high-net-worth clients, enlarged the proportion of relevant income as well as the commission and fee based business, and optimized the risk-based asset pricing, etc.. As a result, the quality of the balance sheet and assets has been improved while high-quality and sustainable development of the Company has been realized.

As the wealth management platform attracted quality clients, the amount of assets under management jumped.

During the period under review, the Group continued to optimize the development of wealth management platform. The number of high-net-worth individual clients has seen a rapid growth since the official launch of the wealth management center at the end of last year. The total asset under management of our clients increased by approximately 40% to HK$235.0 billion as compared with the end of last year, which has built the foundation for further enhancing the capability of cross-selling between different business lines. Alongside the increase of wealth management professionals, the service and product lines have been improved progressively, thereby providing our high-net-worth clients with customized and professional investment and financing services. With stringent risk control, the Group will continue to expand product lines to attract more quality clients. It is believed that stable development of the wealth management platform is going to benefit the Company by increasing the income from risk neutral business and enhancing the risk-adjusted return on net asset to certain extent.

Debt underwriting business maintained its leadership while equity underwriting deal amounts increased despite downward market trend.

During the period under review, the Group maintained leading position in the primary market of Chinese US dollar-denominated bonds, issued a total of 106 bonds, representing an increase of 39% year-on-year, ranked second in the Asia (ex-Japan) G3 Currency High-Yield Bond Underwritten League (亞洲（除日本）G3貨幣高收益債券承銷商榜) in terms of number of issuance (source: Bloomberg). The equity capital market business of the Group also recorded a significant increase, completing a total of 15 equity underwriting deals in primary and secondary markets, the Group managed to enhance the coverage in key sectors and introduce a number of quality projects to capital market.

Devote to optimizing client structure and facilitating high-quality enterprises for going global.

In the first half of the year, with continued strategic adjustment, the Group actively explored the opportunities of working with large state-owned enterprises and institutional clients given our outstanding service experience and global reputation. The client structure was remarkably improved whilst the overall level of risks was significantly reduced. In April, the Company entered into a strategic cooperation agreement with China Forestry Group Corporation, the largest timber operator in the world, to provide diversified financial products and services to them and their treasury center based in Hong Kong and to assist them in investment, financing and business development overseas.

Results Overview

The Group reports to the ordinary equity holders ("Shareholder(s)") that a total profit attributable to Shareholders of approximately HK$640 million was recorded for the period ended 30 June 2019 (corresponding period in 2018: approximately HK$510 million), representing an increase of approximately 26% as compared with the same period of last year.

The Board has declared an interim dividend of HK$0.042 per ordinary share of the Company ("Share(s)") for the six months ended 30 June 2019 (2018: an interim dividend of HK$0.033 per Share).

Breakdown of Revenue

	For the six months ended 30 June			
	2019		2018	
	HK$'000	*%*	*HK$'000*	*%*
Fees and commission income				
– brokerage	**291,667**	**12.4**	271,437	16.2
– corporate finance	**452,559**	**19.2**	335,355	20.0
– asset management	**10,215**	**0.4**	10,561	0.6
Income from loans and financing	**558,649**	**23.6**	716,824	42.7
Gain from financial products, market making and investments	**1,050,158**	**44.4**	344,038	20.5
Total	**2,363,248**	**100.0**	1,678,215	100.0

During the period under review, the Group recorded a total revenue of approximately HK$2.36 billion (corresponding period in 2018: HK$1.68 billion), representing a significant increase of 41% as compared with the same period of last year, among which, the revenue of financial products, market making and investments business and corporate finance business maintained rapid growth, representing a year-on-year increase of 205% to approximately HK$1.05 billion and 35% to approximately HK$450 million, respectively. In addition, the revenue of brokerage business still achieved a steady growth despite the decline in trading volume.

After the strategic adjustment in recent years, the Group's income structure in the first half of the year has become balanced and diversified, with fee and commission income accounting for 34%, interest income accounting for 33%, and investment income accounting for 33%. During the period under review, with the steady growth of corporate finance, asset management and brokerage business, the Group's fee and commission income increased by 18% year-on-year to HKD790 million, which fits well with the Group's sustainable development strategy as a financial service provider.

Brokerage

	For the six months ended 30 June			
	2019		2018	
	HK$'000	*%*	*HK$'000*	*%*
Securities	**251,987**	**86.4**	227,302	83.7
Futures and options	**8,335**	**2.9**	13,688	5.1
Handling income	**27,372**	**9.4**	23,447	8.6
Insurance	**3,244**	**1.1**	5,511	2.0
Leveraged foreign exchange	**729**	**0.2**	1,489	0.6
Total	**291,667**	**100.0**	271,437	100.0

Although the average daily trading volume of the Hong Kong stock market decreased by 23% in the first half of 2019 as compared with the same period of last year, the Group's brokerage business recorded a revenue of approximately HK$290 million (corresponding period in 2018: approximately HK$270 million), representing an increase of 7% year-on-year.

During the period under review, the Group attracted high-quality clients through our wealth management platform, Jun Hong Club (君弘俱樂部) and diversified products and services continuously. The number of the Group's professional investors ("PI", referring to customers with investible assets of over US$1 million) has increased steadily as compared with the end of last year, with an average account balance increased by 61% to approximately HK$52.01 million as compared with the end of last year. The asset under management of new clients from wealth management business increased to HK$17.4 billion in a short period of time, which accelerated the income growth of brokerage business under this downward market trend.

Corporate Finance

	For the six months ended 30 June			
	2019		2018	
	HK$'000	*%*	*HK$'000*	*%*
Placing, underwriting and sub-underwriting commission				
– debt capital market	**324,536**	**71.7**	258,439	77.1
– equity capital market	**92,778**	**20.5**	59,875	17.9
Consultancy and financial advisory fee	**35,245**	**7.8**	17,041	5.0
Total	**452,559**	**100.0**	335,355	100.0

Debt capital market

During the period under review, the Group maintained its leading position in the debt capital market in Hong Kong and its business performance reached a new high, with the income increased by 26% year-on-year to approximately HK$320 million (corresponding period in 2018: approximately HK$260 million). Our debt capital market team has participated in 106 debt issuance activities in the first half of the year (corresponding period in 2018: 76 debt issuance activities) and successfully assisted corporations in raising fund of nearly HK$244.80 billion in the bond market, representing an increase of 48% year-on-year. During the period under review, the Group maintained a leading position in Chinese US dollar-denominated bond issuance market, and we ranked second and third in the Asia (ex-Japan) G3 Currency Corporate High-Yield Bond Underwritten League (亞洲（除日本地區外）G3貨幣企業高收益債券承銷排行榜) in terms of number and amount underwritten, respectively.

Equity capital market

During the period under review, the Group's income arising from the equity capital market increased significantly by 55% year-on-year to approximately HK$90 million (corresponding period in 2018: approximately HK$60 million). Our team has completed 15 equity underwriting projects in primary and secondary market (5 of which were IPO sponsorship projects), representing an increase of 50% year-on-year. During the first half of the year, the Group explored in major sectors including energy, real estate and internet industry, injected new quality clients and projects to the capital market, and completed IPO projects including China Risun (1907.hk), Aoyuan Healthy Life (3662.hk) and Zengame Technology (2660.hk). Moreover, the Group also acted as a joint bookrunner and joint lead manager of the listing of H shares of Shenwan Hongyuan (6806.hk), the largest IPO in terms of fund raising scale in the first half of the year.

Loans and Financing

	For the six months ended 30 June			
	2019		2018	
	HK$'000	*%*	*HK$'000*	*%*
Customers and counterparty financing	**362,275**	**64.8**	603,351	84.2
Banks and others	**196,374**	**35.2**	113,473	15.8
Total	**558,649**	**100.0**	716,824	100.0

In the first half of 2019, the Group's overall income arising from loans and financing business decreased by 22% to approximately HK$560 million (corresponding period in 2018: approximately HK$720 million).

In recent years, the Group continued to optimize its revenue structure. We had taken the lead in adjusting the proportion of financing and loans business with small and medium-cap stocks as collateral and increased the income associated with risk-neutral business so as to achieve diversified and stable growth of overall income. During the period under review, the effect of strategic adjustments made by the Group became prominent, the proportion of loans and financing income with sizeable blue chips, quality stock and bonds as collaterals increased. Due to the decline in interest rates of loans resulting from the increase of risk neutral business, interest income of loans and financing received from clients adjusted by 40% year-on-year to HK$360 million. The management considered that the decline in relevant financing income was within the expectation and in line with the business transformation strategy of the Group in recent years by optimizing risk-adjusted return on capital and quality of profit.

Due to the increase in Hong Kong Interbank Offered Rate ("HIBOR") during the period under review, as well as the increase in the amount of assets under management, the Group's interest income from banks and others increased by 73% year-on-year to approximately HK$200 million.

Financial products, market making and investments

	For the six months ended 30 June			
	2019		2018	
	HK$'000	*%*	*HK$'000*	*%*
Market making	**498,339**	**47.4%**	(47,357)	-13.8%
Investments	**283,367**	**27.0%**	4,518	1.3%
Financial products	**268,452**	**25.6%**	386,877	112.5%
Total	**1,050,158**	**100.0%**	344,038	100.0%

During the period under review, the Group's total income from financial products, market making and investment increased by 205% year-on-year to approximately HK$1.05 billion (corresponding period in 2018: approximately HK$340 million).

Financial products

The income from financial products business mainly includes interest and fee income. In the first half of 2019, while funding cost of the Hong Kong market increased, the yield of the Chinese-issued USD bond market declined, the needs for financing from institutional clients were adjusted to some extent. However, the Group's diversified and customized products, offered to the clients, still maintained high market competitiveness. While the overall income from financial products business decreased by approximately 31% year-on-year to HK$270 million, it still steadily rose by 5% from the second half of last year.

Market making

To facilitate the development of the debt capital market business, the Group provides market making services for debt securities. During the period under review, since the Chinese-issued USD bond market continued to rally, the Group's market making income significantly increased to approximately HK$500 million (the corresponding period in 2018: a loss of approximately HK$47 million).

Investments

For the long-term development of asset management and other businesses, the Group provides supports in form of investment under a prudent risk management system. Benefiting from the performance of the stock and bond markets in the first half of the year, the company's investment income was recorded at HK$280 million (corresponding period in 2018: approximately HK$4.5 million).

During the period under review, the market making and investment income added up to approximately HK$780 million, among which interest income from coupons of debt securities was approximately HK$370 million, while trading income (recorded by mark-to-market) was approximately HK$410 million. The overall performance of trading income will likely fluctuate with the overall market conditions.

Financial Position

As at 30 June 2019, the Group's total assets increased by 12% to approximately HK$98,650 million (31 December 2018: approximately HK$88,030 million) and the Group's total liabilities increased by 14% to HK$87,270 million (31 December 2018: approximately HK$76,840 million). The equity attributable to holders of Shares increased by 5% to approximately HK$11,330 million as at 30 June 2019 (31 December 2018: approximately HK$10,830 million). The leverage ratio (defined as total assets less accounts payable to clients divided by total equity) was 7.41 times as at 30 June 2019 (31 December 2018: 6.54 times).

Liquidity, Financial Resources and Capital Structure

As at 30 June 2019, the net current assets of the Group increased by 42% to HK$11,900 million (31 December 2018: HK$8,390 million). As at 30 June 2019, the Group's current ratio was 1.15 times (31 December 2018: 1.12 times) and gearing ratio (defined as the sum of bank borrowings and debt securities in issue at amortised cost divided by total equity) was 1.53 times (31 December 2018: 1.44 times).

The Group had a net cash inflow of HK$570 million for the period ended 30 June 2019 (31 December 2018: HK$1,890 million). As at 30 June 2019, the Group's bank balance was HK$4,680 million (31 December 2018: HK$4,110 million), and outstanding bank and other borrowings amounted to HK$9,170 million (31 December 2018: HK$9,440 million).

The Company, through its subsidiaries, maintained a US$5 billion Guaranteed Structured Note Programme under which unlisted notes denominated in any currency as determined by the issuer may be issued from time to time. On 12 July 2019, the Company also successfully renewed the Medium Term Note Programme of up to HK$15 billion (or the equivalent in other currencies at the date of issue), pursuant to which both listed and unlisted notes may be issued. On 14 January 2019, the Company issued 4.25% US$200 million notes due 2022 pursuant to the Medium Term Note Programme. On 30 June 2019, the structured notes and medium term notes issued and outstanding amounted to HK$23.70 billion (31 December 2018: HK$19.28 billion) and HK$8.24 billion (31 December 2018: HK$6.72 billion), respectively.

Taking into account the un-utilized facilities from various financial institutions and sufficient un-issued limit of the above-mentioned note programmes, we believe our operating cash flow is adequate and sufficient to finance our recurring working capital requirements and to meet any investment opportunities that may arise in the future.

The Group monitors its capital structure from time to time to ensure the compliance of the capital requirements under the Securities and Futures (Financial Resources) Rules (Cap. 571N) for its licensed subsidiaries and to support the development of new business. All licensed corporations within the Group have complied with their respective liquid capital requirements during the period and up to the date of this announcement.

Save as disclosed above, there were no other equity or debt instruments issued by the Group for the period ended 30 June 2019.

Material Acquisitions, Disposals and Significant Investments

For the six months ended 30 June 2019, the Group had not made any material acquisitions and disposal of subsidiaries and associated companies. As at 30 June 2019, the Group did not hold any significant investments.

Capital Commitments and Other Commitments

Details of capital commitments and other commitments of the Group are set out in note 15 to the interim financial information.

PROSPECTS

With the slowdown of global economic growth and the impacts of Sino-US trade disputes on trade and investment, global economy will remain uncertain and complex in a long term. Due to the progressive spread of the impact of the trade friction in the first half of the year, China's economic growth is still facing pressure. Meanwhile, to support small, medium-sized and privately-owned enterprises on corporate financing as well as control of the economic risks, it is expected that China is going to maintain a relative loose monetary policy in the second half of the year and the economy will stay in strong resilience and achieve steady growth.

With China's economy growth, further opening-up of the market and the booming economy of Asia-Pacific region, the high-net-worth clients' requirement on investment return and risk management is becoming more sophisticated. The clients see more values in high-quality and professional financial services and more wealth management opportunities for overseas market occur. The Group will further develop its platform, strengthen international wealth management and global asset allocation capabilities to provide clients with comprehensive, integrated, and one-stop investment and financing solutions.

- **Strengthen the collaboration between wealth management and corporate finance businesses.** The development of wealth management business will facilitate the growth and expansion of the Group's high-net-worth individual client base and bring new opportunities to corporate finance business. As more quality enterprises choose the Group's corporate financing service, the clients are offered with more investment options to further optimize their investment portfolios, and thus achieve a win-win situation.

- **Sharpen core competencies of financial products.** The customization and specialization of our financial products have put us in the leading position in the structure product market. Together with the Group's lower funding cost over the peers, financial products business has become one of our core competencies in recent years. In the second half of the year, the Group will continue to provide clients with differentiated, customized and specialized financial products, actively seek cooperation with our parent company, and explore new opportunities in the cross-border financial product market.

- **Continue developing premium institutional and corporate clients.** Through the brand influence and extensive service experience the Group has gained in the Hong Kong capital market, we will continue to develop more premium corporate and institutional clients, especially the major state-owned enterprises which are our potential strategic partners, to meet their need for growth with diversified cross-border investment and financing services.

- **Enhance risk management system and measures.** Keep the stringent control of various risks of existing and new products and leverage the practical advantages domestically and globally to assess, identify, measure, hedge and mitigate the risks in timely manner.

The Group has been rated with "BBB+" and "Baa2" as long-term issuer by global credit rating agencies Standard & Poor's and Moody's respectively, which are the highest credit ratings among Chinese financial institutions in Hong Kong. In the second half of the year, we adhere to the strong and steady operation strategy to further deepen business cooperation with large international financial institutions, maintain our advantage in funding cost, fully utilize our core competency and take the business to the next level. Furthermore, the Group aims to increase the risk-adjusted net asset return rate with steady and solid compound growth to reward our clients and investors for their continuing supports.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK$0.042 per Share for the six months ended 30 June 2019 ("Interim Dividend") (2018: an interim dividend of HK$0.033 per Share) to the Shareholders whose names appear on the register of members of the Company on Wednesday, 4 September 2019. The Interim Dividend will be payable on Thursday, 19 September 2019.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed on Wednesday, 4 September 2019 for ascertaining Shareholders' entitlement to the Interim Dividend. No transfer of Shares will be registered on that day. In order to qualify for the Interim Dividend, all duly completed transfer documents accompanied by the relevant share certificates, must be lodged with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, No. 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on Tuesday, 3 September 2019.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2019 other than acting as an agent for the trustee of the Company's share award scheme.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted all principles and code provisions set out in the Corporate Governance Code contained in Appendix 14 ("Corporate Governance Code") to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as its own code of corporate governance. Save as disclosed below, the Company has complied with all the code provisions set out in the Corporate Governance Code throughout the period from 1 January 2019 to 30 June 2019.

Code provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual, whereas the roles of chairman and chief executive officer of the Company are performed by Dr. YIM Fung. The directors of the Company (the "Directors") believe that Dr. YIM can provide strong and consistent leadership in the development and execution of the Group's business strategies which is beneficial to the Group.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in the Appendix 10 of the Listing Rules regarding securities transactions by its Directors. On specific enquiries made by the Company, all Directors confirmed that they have fully complied with the required standard set out in the Model Code throughout the period from 1 January 2019 to 30 June 2019.

REVIEW OF INTERIM FINANCIAL INFORMATION

The Group's external auditor has carried out a review of the interim financial information in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed the audit, internal control and financial reporting matters including the review of the unaudited interim financial information for the six months ended 30 June 2019.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises four executive directors, being Dr. YIM Fung (Chairman), Mr. WONG Tung Ching, Ms. QI Haiying and Mr. LI Guangjie, two non-executive directors, being Dr. XIE Lebin and Mr. LIU Yiyong and four independent non-executive directors, being Dr. FU Tingmei, Dr. SONG Ming, Mr. TSANG Yiu Keung and Professor CHAN Ka Keung Ceajer.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2019 ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement of interim results for the six months ended 30 June 2019 is published on the website of the Stock Exchange at http://www.hkexnews.hk and the website of the Company at http://www.gtjai.com. The interim report for the six months ended 30 June 2019 of the Company containing all information as required by the Listing Rules will be dispatched to Shareholders and published on the aforesaid websites in due course.

By order of the Board
Guotai Junan International Holdings Limited
YIM FUNG
Chairman

Hong Kong, 20 August 2019