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HJ Capital (International) Holdings Company Limited
華金國際資本控股有限公司*

(Incorporated in Bermuda with limited liability)
(Stock code: 982)

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

The board (the "Board") of directors (the "Directors") of HJ Capital (International) Holdings Company Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2019 together with the comparative figures in 2018.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2019 (unaudited)

		Six months ended 30 June	
		2019	2018
	Note	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*3*	**116,491**	81,049
Cost of sales	*5*	**(63,626)**	(65,425)
Gross profit		**52,865**	15,624
Other income and other gains, net	*4*	**3,225**	2,655
Selling and distribution expenses	*5*	**(6,059)**	(6,208)
Administrative expenses	*5*	**(51,212)**	(40,745)
Operating loss		**(1,181)**	(28,674)
Finance expenses, net		**(1,700)**	(839)
Share of results of associates		**(416)**	(151)

* *For identification purpose only*

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2019

(Continued)

		Six months ended 30 June	
		2019	2018
	Note	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Loss before income tax		**(3,297)**	(29,664)
Income tax expense	*6*	**(1,487)**	–
Loss for the period		**(4,784)**	(29,664)
Loss attributable to:			
Owners of the Company		**(1,914)**	(29,664)
Non-controlling interests		**(2,870)**	–
Loss for the period		**(4,784)**	(29,664)
Other comprehensive loss for the period, net of tax			
Item that will not be reclassified subsequently to profit or loss:			
Change in value of a financial asset at fair value through other comprehensive income		**–**	(208)
Item that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		**(106)**	–
Total comprehensive loss for the period		**(4,890)**	(29,872)
Total comprehensive loss for the period attributable to:			
Owners of the Company		**(2,020)**	(29,872)
Non-controlling interests		**(2,870)**	–
		(4,890)	(29,872)
Loss per share attributable to owners of the Company (HK cents)			
– Basic and diluted	*7*	**(0.019)**	(0.295)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2019

	Note	**30 June 2019** **HK$'000** **(Unaudited)**	31 December 2018 *HK$'000* (Audited)
Non-current assets			
Property, plant and equipment		**5,014**	3,572
Right-of-use assets	*2*	**33,456**	–
Intangible assets		**11,628**	11,628
Interests in associates		**39,069**	39,485
Financial asset at fair value through profit or loss		**14,748**	14,064
Deferred tax assets		**1,822**	2,168
Deposits and other receivable		**11,233**	7,417
		116,970	78,334
Current assets			
Contract assets		**9,913**	4,097
Trade receivables and margin loans receivable	*9*	**115,200**	74,564
Other receivables, deposits and prepayments		**12,270**	12,928
Client trust bank balances		**34,205**	18,431
Restricted bank balances		**–**	15,000
Cash and cash equivalents		**152,767**	129,937
		324,355	254,957
Total assets		**441,325**	333,291
Equity			
Share capital		**2,515**	2,515
Reserves		**189,641**	191,661
Equity attributable to owners of the Company		**192,156**	194,176
Non-controlling interests		**11,882**	14,752
Total equity		**204,038**	208,928

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2019
(Continued)

	Note	**30 June 2019** **HK$'000** **(Unaudited)**	31 December 2018 *HK$'000* (Audited)
Non-current liabilities			
Lease liabilities	*2*	**17,237**	–
Deferred tax liabilities		**74**	103
		17,311	103
Current liabilities			
Trade payables	*10*	**87,112**	31,498
Contract liabilities		**17,784**	13,607
Other payables and accruals		**20,861**	19,773
Lease liabilities	*2*	**16,670**	–
Bank borrowings	*11*	**75,500**	55,000
Income tax payable		**2,049**	4,382
		219,976	124,260
Total liabilities		**237,287**	124,363
Total equity and liabilities		**441,325**	333,291

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

1. BASIS OF PREPARATION

This interim condensed consolidated 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". The interim condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2018, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

2. ACCOUNTING POLICIES

(a) New standards, amendments to standards and interpretation adopted by the Group

The accounting policies applied to this condensed consolidated interim financial information are consistent with those of the annual financial statements for the year ended 31 December 2018, as described in those annual financial statements, except for the estimation of income tax using the tax rate that would be applicable to expected total annual earnings and the adoption of new standards, amendments to standards and interpretation as set out below.

The following new standards, amendments to standards and interpretation are mandatory for the first time for the financial year beginning 1 January 2019 and currently relevant to the Group:

- Amendments to Annual Improvements Project, "Annual Improvements 2015–2017 Cycle"
- Amendments to HKAS 19, "Plan Amendment, Curtailment or Settlement"
- Amendments to HKAS 28, "Long-term Interests in Associates or Joint Ventures"
- Amendments to HKFRS 9, "Prepayment Features with Negative Compensation"
- HKFRS 16, "Leases"
- HK(IFRIC)-Int 23, "Uncertainty over Income Tax Treatments"

The impact of the adoption of HKFRS 16, "Leases" is disclosed below.

Apart from aforementioned HKFRS 16, there are no other new standards, amendments to standards and interpretations that are effective for the first time for this interim period that could be expected to have a material impact on the Group.

2. ACCOUNTING POLICIES *(Continued)*

(a) New standards, amendments to standards and interpretation adopted by the Group *(Continued)*

The following new standards, amendments to standards and interpretation have been issued but are not effective for the financial year beginning 1 January 2019 and have not been early adopted by the Group:

Conceptual Framework for Financial Reporting 2018, "Revised Conceptual Framework for Financial Reporting"	1 January 2020
Amendments to HKFRS 3, "Definition of a Business"	1 January 2020
Amendments to HKAS 1 and HKAS 8, "Definition of Material"	1 January 2020
HKFRS 17, "Insurance Contracts"	1 January 2021
Amendments to HKFRS 10 and HKAS 28, "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined

Below explains the impact of the adoption of HKFRS 16, "Lease", on the Group's financial statements and also discloses the new accounting policies that have been applied from 1 January 2019, where they are different to those applied in prior periods.

(i) Impact on the financial statements

The Group has adopted HKFRS 16 "Leases" from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the simplified transition approach in the standard. The reclassifications and the adjustments arising from the new leasing standards are therefore recognised in the opening balance sheet on 1 January 2019.

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of HKAS 17 "Leases". These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.44%, depending on the jurisdiction of the operating lease contracts and lease terms.

	HK$'000
Operating leases commitments disclosed as at 31 December 2018	59,547
Less:	
Short-term and low-value leases recognised on a straight-line basis as expense	(19,078)
	40,469
Discounted using the lessee's incremental borrowing rate at the date of initial application, lease liabilities recognised as at 1 January 2019	38,250
Of which are:	
Current lease liabilities	14,761
Non-current lease liabilities	23,489
	38,250

2. ACCOUNTING POLICIES *(Continued)*

(a) New standards, amendments to standards and interpretation adopted by the Group *(Continued)*

(i) Impact on the financial statements (continued)

The right-of-use assets were measured at the amount equal to the initial measurement of lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the condensed consolidation statement of financial position as at 1 January 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application. Depreciation was charged on a straight-line basis over the shorter of the asset's useful life and the lease term.

The recognised right-of-use assets relate to the following types of assets:

	As at 30 June 2019 ***HK$'000***	As at 1 January 2019 *HK$'000*
Buildings	**32,408**	36,907
Equipment	**1,048**	1,343
Total right-of-use assets	**33,456**	38,250

The change of accounting policy affected the following items in the statement of financial position on 1 January 2019:

– Right-of-use assets – increase by HK$38,250,000

– Lease liabilities (current portion) – increase by HK$14,761,000

– Lease liabilities (non-current portion) – increase by HK$23,489,000

No significant impact on the Group's net loss after tax for the six months ended 30 June 2019 as a result of adoption of HKFRS16.

(ia) Impact on segment disclosures

Segment assets and segment liabilities as at 30 June 2019 all increased as a result of the change in accounting policy. The following segments were affected by the change in policy:

	Segment assets *HK$'000*	**Segment liabilities** *HK$'000*
Financial printing services and investments holding	6,192	6,350
Financial services	27,264	27,557
	33,456	33,907

2. ACCOUNTING POLICIES *(Continued)*

(a) New standards, amendments to standards and interpretation adopted by the Group *(Continued)*

(i) Impact on the financial statements (continued)

(ib) Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying HKAS 17 and HKFRIC 4 "Determining whether an Arrangement contains a Lease".

(ii) Accounting policies adopted since 1 January 2019

Leases are recognised as a right-of-use asset and a corresponding liability on the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to condensed consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivables;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

2. ACCOUNTING POLICIES *(Continued)*

(a) New standards, amendments to standards and interpretation adopted by the Group *(Continued)*

(ii) Accounting policies adopted since 1 January 2019 (continued)

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the condensed consolidated income statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise office equipment.

3. REVENUE AND SEGMENT INFORMATION

The chief operating decision-maker has been identified as the executive directors of the Company (the "Executive Directors"). The Executive Directors review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Group's operating businesses are structured and managed separately according to the nature of operations. Each of the Group's reportable segments represents a strategic business unit that is subject to risks and returns that are different from other reportable operating segments.

The Group is principally engaged in the following:

- Financial printing services and investments holding – provision of financial printing and investments holding;
- Financial services – securities underwriting, securities and future brokerage, asset management and consultancy and advisory services; and
- Hotel advisory, hotel management and exhibition services planning – provision of hotel advisory services, hotel management services and event planning and organisation.

The Executive Directors consider all assets and revenue relating to the operations are primarily located in Hong Kong and Mainland China.

Segment assets mainly exclude interests in associates, financial asset at fair value through profit or loss, cash and cash equivalents, restricted bank balances, deferred tax assets and other assets that are managed on a central basis.

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment liabilities mainly exclude bank borrowings, income tax payable, deferred tax liabilities, and other liabilities that are managed on a central basis.

During the six months ended 30 June 2019, revenues of approximately HK$38,764,000 (six months ended 30 June 2018: Nil) were derived from Zhuhai Huafa Group Company Limited ("Zhuhai Huafa", the single largest shareholder of the Company) and its subsidiaries.

The Executive Directors assess the performance of the operating segments based on their underlying profits, which is measured by profit before income tax, excluding income and expenses that are managed on a central basis.

	Financial printing services and investments holding		**Financial services**		**Hotel advisory, hotel management and exhibition services planning**		**Total**	
	30 June 2019	30 June 2018	**30 June 2019**	30 June 2018	**30 June 2019**	30 June 2018	**30 June 2019**	30 June 2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
Revenue from external customers	**68,346**	60,854	**36,396**	20,195	**11,749**	–	**116,491**	81,049
Segment results	**(3,486)**	(10,202)	**2,817**	(16,658)	**3,651**	–	**2,982**	(26,860)
Unallocated income							**480**	332
Unallocated expenses							**(6,343)**	(2,985)
Share of results of associates							**(416)**	(151)
Income tax expense							**(1,487)**	–
Loss for the period							**(4,784)**	(29,664)

	Financial printing services and investments holding		**Financial services**		**Hotel advisory, hotel management and exhibition services planning**		**Total**	
	30 June 2019	31 December 2018	**30 June 2019**	31 December 2018	**30 June 2019**	31 December 2018	**30 June 2019**	31 December 2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)
Segment assets	**94,186**	52,330	**142,851**	91,366	**7,198**	1,432	**244,235**	145,128
Unallocated assets							**197,090**	188,163
Total assets							**441,325**	333,291
Segment liabilities	**63,475**	33,283	**90,776**	27,613	**4,186**	2,755	**158,437**	63,651
Unallocated liabilities							**78,850**	60,712
Total liabilities							**237,287**	124,363

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

	Financial printing services and investments holding		Financial services		Hotel advisory, hotel management and exhibition services planning		Total	
	30 June 2019	30 June 2018	**30 June 2019**	30 June 2018	**30 June 2019**	30 June 2018	**30 June 2019**	30 June 2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
Other segment information:								
Additions to non–current assets	**2,150**	41	**238**	692	**9**	–	**2,397**	733
Cost of sales	**(48,756)**	(49,121)	**(12,027)**	(16,304)	**(2,843)**	–	**(63,626)**	(65,425)
Depreciation *(Note 5)*	**(500)**	(669)	**(455)**	(1,401)	**–**	–	**(955)**	(2,070)
Depreciation and amortisation of right-of-use assets *(Note 5)*	**(1,327)**	–	**(6,543)**	–	**–**	–	**(7,870)**	–
Fair value gains on financial asset at fair value through profit or loss	**–**	–	**684**	–	**–**	–	**684**	–
Loss allowance/(reversal of loss allowance) for trade receivables and margin loans receivable	**500**	(502)	**–**	–	**–**	–	**500**	(502)

The Group's revenue by geographical location is determined by the location of services rendered and the geographical location of non-current assets is determined by where the assets are located and are detailed below:

	Revenue from external customers recognised over-time Six months ended 30 June		Non-current assets *(Note)* As at	
			30 June	31 December
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**104,742**	81,049	**61,322**	22,617
Mainland China	**11,749**	–	**9**	–
	116,491	81,049	**61,331**	22,617

Note: Non-current assets exclude interests in associates, financial assets at fair value through profit or loss and deferred income tax assets.

4. OTHER INCOME AND OTHER GAINS, NET

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Recharge of administrative expenses to a related party	**2,125**	–
Fair value gains on financial asset at fair value through profit or loss	**684**	–
Net foreign exchange gain	**68**	82
Others	**348**	2,573
Other income and other gains, net	**3,225**	2,655

5. EXPENSES BY NATURE

Expenses including cost of sales, selling and distribution expenses and administrative expenses are analysed as follows:

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Service costs	**21,178**	22,739
Employee benefit expenses (including directors' emoluments)	**57,985**	56,110
Depreciation of property, plant and equipment	**955**	2,070
Depreciation and amortisation of right-of-use assets	**7,870**	–
Legal and professional fees	**3,040**	869
Operating leases in respect of:		
– rental of office premises	**9,741**	13,791
– office equipment	**127**	315
Loss allowance/(reversal of loss allowance) for trade receivables and margin loans receivable	**500**	(502)
Others	**19,501**	16,986
	120,897	112,378

6. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made since there is no estimated assessable profit arising from Hong Kong for the six months ended 30 June 2019 (six months ended 30 June 2018: 16.5%).

PRC corporate income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the period ended 30 June 2019 based on the existing legislation, interpretations and practices in respect thereof. The corporate income tax rate applicable to the Group entities located in the PRC is 25%.

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current income tax		
– PRC corporate income tax	**1,171**	–
Deferred income tax	**316**	–
	1,487	–

7. LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the period attributable to owners of the Company of approximately HK$1,914,000 (30 June 2018: loss of approximately HK$29,664,000) and the weighted average number of ordinary shares in issue during the period of 10,060,920,000 (30 June 2018: 10,060,920,000).

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss		
Loss attributable to owners of the Company	**(1,914)**	(29,664)
Shares		
Weighted average number of ordinary shares in issue	**10,060,920,000**	10,060,920,000

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
Basic and diluted loss per share (HK cents)	**(0.019)**	(0.295)

Diluted loss per share equals to basic loss per share as there are no potential dilutive ordinary shares outstanding for the six months ended 30 June 2019 and 2018, respectively.

8. DIVIDEND

The Directors did not propose the payment of any interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

9. TRADE RECEIVABLES AND MARGIN LOANS RECEIVABLE

The Group's sales are mainly made on credit terms of 90 days. The ageing analysis of trade receivables based on invoice date at the end of reporting period is as follows:

	30 June 2019	31 December 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Up to 90 days	**89,123**	37,001
91–180 days	**10,159**	11,198
Over 181 days	**11,573**	15,130
	110,855	63,329
Less: Loss allowance	**(7,011)**	(8,244)
Trade receivables, net	**103,844**	55,085
Margin loans receivable	**32,446**	40,569
Less: Loss allowance	**(21,090)**	(21,090)
	11,356	19,479
Trade receivables and margin loans receivable, net	**115,200**	74,564

10. TRADE PAYABLES

The average credit period from the Group's trade creditors is of 30 to 60 days. The ageing analysis of trade payables based on invoice date at the end of reporting period is as follows:

	30 June 2019 *HK$'000* **(Unaudited)**	31 December 2018 *HK$'000* (Audited)
Up to 90 days	80,261	29,140
91–180 days	5,169	1,215
Over 181 days	1,682	1,143
	87,112	31,498

11. BANK BORROWINGS

As at 30 June 2019, the bank borrowings were secured by cross corporate guarantee executed by the Company and its subsidiary, Huajin Financial (International) Holdings Limited ("Huajin Financial").

Bank borrowings bear effective interest rate from 4.25% to 4.60% per annum (31 December 2018: 4.30% to 4.93%).

The carrying amounts of the Group's bank borrowings were denominated in HK$ and the fair value of bank borrowings approximates their carrying amounts.

12. EVENTS OCCURRING AFTER THE DATE OF STATEMENT OF FINANCIAL POSITION

On 23 August 2019, the Company submitted a bid to Guangdong United Assets and Equity Exchange* (廣東聯合產權交易中心) (the "Equity Exchange") and has received the organisation signing notice from the Equity Exchange on 24 August 2019 in relation to a proposed acquisition of the entire issued share capital of Concord Bright Holdings Limited (the "Proposed Acquisition"), which is wholly-owned by Hong Kong Huafa Investment Holdings Limited, a wholly-owned subsidiary of Zhuhai Huafa. It was confirmed in the organisation signing notice that the Company had been selected as the successful bidder for the Proposed Acquisition at a tender price of RMB733.78 million. No legally-binding formal agreements have been entered into as at the date of this announcement. Please also refer to the Company's announcement dated 25 August 2019.

* *For identification purpose only*

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

While facing the complicated global business environment and rigorous competition in the market, with the Group's effort, its overall revenue increased by approximately 44% to HK$116,491,000 for the six months ended 30 June 2019 from HK$81,049,000 for the corresponding period in 2018.

Since the Group obtained Type 9 (asset management) licence from the Securities and Futures Commission in January 2019, the Group has been carrying out regulated activities through its wholly-owned subsidiaries, Huajin Financial, WAG Worldsec Corporate Finance Limited and Huaing International Investment Management Limited, including Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"), and also holds a Money Lender's Licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). In addition, the Group has gradually commenced operations of hotel management, convention and exhibition and event planning in the Mainland China through its wholly-owned subsidiaries, namely Zhuhai Hengqin Xinqu Huajin International Hotel Management Company Limited* (珠海市橫琴新區華金國際酒店管理有限公司) and Zhuhai Hengqin New Area Huajin International Convention Services Company Limited* (珠海市橫琴新區華金國際會展服務有限公司). As at the date of this announcement, the Company is an investment holding company and together with its subsidiaries, which are principally engaged in the provision of financial advisory services, securities underwriting and consultancy, securities and futures brokerage, equity research business, asset management, money lending business, hotel management and advisory services, consultancy services in relation to convention and exhibition and event planning and financial printing services both in Hong Kong and Mainland China.

The Group's revenue for the six months ended 30 June 2019 increased by approximately 44% as compared with the previous six months ended 30 June 2018, and revenue contributed by financial service's operation to the Group amounted to approximately HK$36,396,000 for the six months ended 30 June 2019 (six months ended 30 June 2018: approximately HK$20,195,000), revenue contributed by hotel advisory, hotel management and exhibition services planning's operations to the Group amounted to approximately HK$11,749,000 (six months ended 30 June 2018: Nil) and revenue contributed by financial printing service's operations to the Group amounted to approximately HK$68,346,000 (six months ended 30 June 2018: approximately HK$60,854,000).

Financial Review

For the six months ended 30 June 2019, the Group recorded a revenue of approximately HK$116,491,000 (six months ended 30 June 2018: approximately HK$81,049,000), representing an increase of approximately 44% as compared with the corresponding period in 2018. The Group's loss before income tax amounted to approximately HK$3,297,000 (six months ended 30 June 2018: approximately HK$29,664,000).

For the six months ended 30 June 2019, total comprehensive loss attributable to owners of the Company was approximately HK$2,020,000 (six months ended 30 June 2018: approximately HK$29,872,000). Basic and diluted loss per share was approximately HK0.019 cent (six months ended 30 June 2018: HK0.295 cent).

The decrease in total comprehensive loss for the period attributable to owners of the Company was mainly attributable to the increase in revenue and the decrease in cost of sales compared with the corresponding period in 2018 causing the overall gross profit margin to increase from approximately 19% to approximately 45%.

Liquidity and Financial Resources

As at 30 June 2019, the Group's cash and cash equivalents amounted to approximately HK$152,767,000 (31 December 2018: approximately HK$129,937,000) with HK$75,500,000 borrowings from banks (31 December 2018: HK$55,000,000). The Group had total current assets of approximately HK$324,355,000 (31 December 2018: approximately HK$254,957,000) and total current liabilities of approximately HK$219,976,000 (31 December 2018: approximately HK$124,260,000). The Group's current ratio, being total current assets over total current liabilities, was 1.47 (31 December 2018: 2.05).

Total equity of the Group as at 30 June 2019 amounted to approximately HK$204,038,000 (31 December 2018: approximately HK$208,928,000). The Group's gearing ratio, being total liabilities over total assets, was approximately 53.8% (31 December 2018: 37.3%).

Pledge of Assets

As at 30 June 2019, the Group had no pledge of assets.

Capital Structure

Save as disclosed, the Group's capital structure remained unchanged during the six months ended 30 June 2019.

Contingent Liabilities

As at 30 June 2019, the Group did not have any material contingent liabilities.

Business Plan

Financial Services

The Group will proactively participate in more initial public offering ("IPO") underwriting and equity financing transactions in order to build up its reputation, enlarge its customer base and increase its revenue with a view to becoming one of the leading service providers in assisting corporate financing activities for small to medium enterprises in Hong Kong and the PRC. The Group will continue to provide comprehensive one-stop financial services to customers.

Hotel Advisory, Hotel Management and Exhibition Services Planning

While striving to enhance the competitiveness of its core business, the Group has been identifying and exploring new business opportunities. The Group has recruited a team of relevant experienced personnel with comprehensive expertise in the hotel management industry as well as event planning and management, coupled with the necessary expertise and personnel to provide hotel management and advisory services, and consultancy services in relation to convention, exhibition, conference and event planning and organisation, with a view to expanding its current principal activities of consulting services from financial consulting to other aspects.

Financial Printing Services

In light of tough market conditions, the Group will strive to streamline the business structure and materialize the consolidation of internal resources to enhance the overall operating efficiency of the financial printing service.

Employees

As at 30 June 2019, the Group had a total of 231 employees (31 December 2018: approximately 217). The staff costs of the Group for the six months ended 30 June 2019 were approximately HK$57,985,000 (six months ended 30 June 2018: approximately HK$56,110,000), which comprised salaries, commissions, bonuses, other allowances and contributions to the retirement benefit scheme. The Group operates a defined contribution scheme under the Mandatory Provident Fund Schemes Ordinance and provides medical insurance to all employees. In general, the Group structured its employee remuneration packages with reference to general market practice, employees' duties and responsibilities and the Group's financial performance. The Group provides training courses and training programmes to equip staff with the necessary skills, techniques and knowledge in order to enhance their productivity and administrative efficiency.

Interim Dividend

The Board do not recommend the payment of any interim dividend for the six months ended 30 June 2019 (2018: nil).

Interest Rate Risk

The Group had interest-bearing cash and bank balances calculated by variable interest rates. As there was no significant financial risk arising from changes in interest rates, the Group had no interest rate hedging policies in place.

Foreign Exchange Risk

The Group conducted its business transactions principally in HK$. As at 30 June 2019, most of the Group's cash and bank deposits balances were mainly denominated in HK$ and United States dollars ("US$"). As HK$ is pegged to US$, the Group's foreign exchange risk exposure is minimal. As such, the Group did not adopt any foreign exchange derivatives for hedging purpose as at 30 June 2019.

Credit Risk

The Group's credit risks mainly arise from bank balances, deposits, client trust bank balances, margin loans receivable, trade and other receivables and amounts due from customers on services contracts. The Group strives to manage the risk exposure of trade receivables by closely monitoring the payment records of its customers and requesting customers deposits wherever necessary. The credit risk on the bank deposits is limited because of their high credit rating.

Liquidity Risk

The Group's financial services are required to meet various statutory liquidity requirements as prescribed by the relevant regulatory authorities. The Group has put in place monitoring system to ensure that it maintains adequate liquid capital to comply with the relevant Securities and Futures (Financial Resources) Rules (Chapter 571N of the Laws of Hong Kong).

Operation Risk

The financial services of the Group operate in a highly regulated sector. The risk of non-compliance with regulatory requirements could lead to the loss of operating licenses. The Group has actively implemented policies and procedures to ensure compliance with the relevant laws and regulations. To the best of the management's knowledge, the Group has complied with the relevant regulations for the financial services in Hong Kong and the management did not identify any material non-compliance or breach of the relevant rules and regulations.

Significant Acquisitions and Disposals of Investments

The Group did not acquire or dispose of any significant investments during the six months ended 30 June 2019.

OTHER INFORMATION

Share Option Scheme

Pursuant to the resolution passed by the shareholders of the Company on 25 June 2008, the Company approved and adopted a share option scheme whereby selected classes of participants may be granted options to subscribe for shares at the discretion of the Board. No options were granted under the share option scheme during the six months ended 30 June 2019.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of its listed securities during the six months ended 30 June 2019.

Audit Committee

The Group has established the Audit Committee consisting of three independent non-executive Directors, namely Dr. Chen Jieping, Dr. Sun Mingchun and Mr. Tse Yung Hoi. Dr. Chen Jieping is the chairman of the Audit Committee. The primary duty of the Audit Committee is to review and monitor the financial reporting process and effectiveness of the internal control and risk management systems of the Group. The Audit Committee has reviewed the Group's unaudited interim results and interim report for the six months ended 30 June 2019.

Outlook

It is expected the global financial markets remain volatile for the rest of 2019. While facing with a complicated business environment, the Group is still cautiously optimistic about its business prospects. Going forward, the Group will adhere to the restructuring of its businesses against the upcoming opportunities and challenges of Hong Kong's financial market. The Group also strives to strengthen the development of the financial services segment and seeks for potential investment and development opportunities, re-deploying the financial licensing business for a wider range of financial service business. The Group also strives to strengthen the development of the hotel advisory, hotel management and exhibition services planning segment and seeks for potential market-oriented business opportunities for a wider range of this segment. Through the above-mentioned moves, the Group targets to further diversify and broaden its income stream and secure its sustainable development with efforts to improve the overall operational performance of the Group in the future. To maximise profits and returns for the Group and enhancing the Company's shareholders' value, the Group will focus on enhancing the competitiveness of its current business and simultaneously continue exploring new business opportunities.

Corporate Governance

During the six months ended 30 June 2019, the Company has, in the opinion of the Directors, complied with the code provisions set out in the Corporate Governance Code as contained 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").

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") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries, all Directors confirmed that they have complied with the Model Code during the six months ended 30 June 2019.

Appreciation

The Company would like to express its sincere gratitude to its clients and shareholders for their continuous and valuable support. The Company would also like to take this opportunity to thank the Board, the Group's management team and staff for their dedication and hard work.

By order of the Board
HJ Capital (International) Holdings Company Limited
Li Guangning
Executive Director and Chairman

Hong Kong, 29 August 2019

As at the date of this announcement, the Board comprises Mr. Li Guangning (Executive Director and Chairman), Mr. Xie Wei (Executive Director and Chief Executive Officer), Ms. Guo Jin (Executive Director) and Mr. Tze Kan Fat (Executive Director); Ms. Zhang Kuihong and Mr. Shong Hugo (all being Non-executive Directors); Dr. Chen Jieping, Dr. Sun Mingchun and Mr. Tse Yung Hoi (all being Independent Non-executive Directors).