As Rich As Rainbow

Interim Report 2019

華金國際資本
HJ Capital

Contents

Corporate Information

Board of Directors

Executive directors
Mr. Li Guangning *(Chairman)*
Mr. Xie Wei *(Chief Executive Officer)*
Ms. Guo Jin
Mr. Tze Kan Fat
(appointed with effect from 28 June 2019)

Non-executive directors
Ms. Zhang Kuihong
Mr. Shong Hugo
Mr. Qie Yan
(resigned with effect from 28 June 2019)

Independent non-executive directors
Dr. Chen Jieping
Dr. Sun Mingchun
Mr. Tse Yung Hoi

Audit Committee

Dr. Chen Jieping *(Chairman)*
Dr. Sun Mingchun
Mr. Tse Yung Hoi

Remuneration Committee

Dr. Sun Mingchun *(Chairman)*
Dr. Chen Jieping
Mr. Tse Yung Hoi
Mr. Xie Wei
Ms. Guo Jin

Nomination Committee

Mr. Tse Yung Hoi *(Chairman)*
Dr. Chen Jieping
Dr. Sun Mingchun

Legal Adviser

Bird & Bird

Auditor

PricewaterhouseCoopers

Company Secretary

Ms. Chan Sau Ling
(appointed with effect from 28 June 2019)
Ms. Li Yanmei
(resigned with effect from 28 June 2019)

Head Office and Principal Place of Business in Hong Kong

Room 3605, 36/F
Cheung Kong Center
2 Queen's Road Central
Central, Hong Kong

Registered Office

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Bermuda Principal Share Registrar and Transfer Office

MUFG Fund Services (Bermuda) Limited

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited

Principal Bankers

Hang Seng Bank Limited
Dah Sing Bank Limited

Bermuda Resident Representative

Conyers Corporate Services (Bermuda) Limited

Authorised Representatives

Mr. Xie Wei
Ms. Chan Sau Ling

Place of Listing

The Stock Exchange of Hong Kong Limited

Stock Code

982

Website Address

www.huajinci.com

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2019 (unaudited)

	Note	Six months ended 30 June 2019 HK$'000 (Unaudited)	2018 HK$'000 (Unaudited)
Revenue	4	116,491	81,049
Cost of sales	6	(63,626)	(65,425)
Gross profit		52,865	15,624
Other income and other gains, net	5	3,225	2,655
Selling and distribution expenses	6	(6,059)	(6,208)
Administrative expenses	6	(51,212)	(40,745)
Operating loss		(1,181)	(28,674)
Finance expenses, net	7	(1,700)	(839)
Share of results of associates		(416)	(151)
Loss before income tax		(3,297)	(29,664)
Income tax expense	8	(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	9	(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	11	5,014	3,572
Right-of-use assets	3	33,456	–
Intangible assets	12	11,628	11,628
Interests in associates		39,069	39,485
Financial asset at fair value through profit or loss	13	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	14	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
Non-current liabilities			
Lease liabilities	3	17,237	–
Deferred tax liabilities		74	103
		17,311	103
Current liabilities			
Trade payables	15	87,112	31,498
Contract liabilities		17,784	13,607
Other payables and accruals		20,861	19,773
Lease liabilities	3	16,670	–
Bank borrowings	16	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

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2019

	Capital and reserves attributable to owners of the Company								
	Share capital HK$'000	Share premium HK$'000	Special reserve HK$'000	Other reserve HK$'000	Exchange reserve HK$'000	Retained earnings HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2019 (Audited)	2,515	169,105	4,451	(534)	90	18,549	194,176	14,752	208,928
Loss for the period	–	–	–	–	–	(1,914)	(1,914)	(2,870)	(4,784)
Other comprehensive income									
Exchange differences on translation of foreign operations	–	–	–	–	(106)	–	(106)	–	(106)
Total comprehensive loss for the period	–	–	–	–	(106)	(1,914)	(2,020)	(2,870)	(4,890)
At 30 June 2019 (Unaudited)	2,515	169,105	4,451	(534)	(16)	16,635	192,156	11,882	204,038
At 1 January 2018 (Audited)	2,515	169,105	4,451	872	–	17,849	194,792	–	194,792
Loss for the period	–	–	–	–	–	(29,664)	(29,664)	–	(29,664)
Change in value of a financial asset at fair value through other comprehensive income	–	–	–	(208)	–	–	(208)	–	(208)
Realization of reserves upon disposal of a financial asset at fair value through other comprehensive income	–	–	–	698	–	(698)	–	–	–
Total comprehensive loss for the period	–	–	–	490	–	(30,362)	(29,872)	–	(29,872)
At 30 June 2018 (Unaudited)	2,515	169,105	4,451	1,362	–	(12,513)	164,920	–	164,920

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2019

	Six months ended 30 June	
	2019 *HK$'000* (Unaudited)	2018 *HK$'000* (Unaudited)
Cash flows from operating activities		
Cash generated from/(used in) operations	2,371	(62,847)
Income tax paid	(3,504)	–
Net cash used in operating activities	(1,133)	(62,847)
Cash flows from investing activities		
– Interest received	413	512
– Purchase of property, plant and equipment	(2,397)	(733)
– Proceeds from disposal of financial asset at fair value through other comprehensive income	–	15,010
Net cash (used in)/generated from investing activities	(1,984)	14,789
Cash flows from financing activities		
– Interest paid	(1,324)	(1,418)
– Proceeds from borrowings	25,500	110,000
– Repayment of borrowings	(5,000)	(35,500)
– Decrease in restricted bank balances	15,000	–
– Repayment of lease liabilities	(8,208)	–
Net cash generated from financing activities	25,968	73,082
Net increase in cash and cash equivalents	22,851	25,024
Cash and cash equivalents at beginning of the period	129,937	99,846
Effect of foreign exchange rate changes, net	(21)	–
Cash and cash equivalents at end of the period	152,767	124,870

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2019

1. General Information of the Group

HJ Capital (International) Holdings Company Limited (the "Company") is a limited liability company incorporated in Bermuda. Its registered office is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its head office and principal place of business in Hong Kong is at Room 3605, 36/F, Cheung Kong Center, 2 Queen's Road Central, Central, Hong Kong.

The Company is an investment holding company and its subsidiaries (together, the "Group") are principally engaged in the provision of financial printing services, financial services, hotel management and advisory services, consultancy and organisation services in relation to convention and exhibition and event planning both in Hong Kong and Mainland China.

This interim condensed consolidated financial information is presented in Hong Kong dollars ("HK$") unless otherwise stated.

This interim condensed consolidated financial information is unaudited and has been reviewed by the audit committee of the Company (the "Audit Committee"). This interim condensed consolidated financial information was approved for issue by the board (the "Board") of directors (the "Directors") of the Company on 29 August 2019.

2. 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").

3. 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.

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

3. Accounting Policies *(continued)*

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

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

3. 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.

3. Accounting Policies *(continued)*

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

(i) *Impact on the financial statements (continued)*

(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

(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".

3. Accounting Policies *(continued)*

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

(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.

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.

4. 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.

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 HK$'000 (Unaudited)	30 June 2018 HK$'000 (Unaudited)	30 June 2019 HK$'000 (Unaudited)	30 June 2018 HK$'000 (Unaudited)	30 June 2019 HK$'000 (Unaudited)	30 June 2018 HK$'000 (Unaudited)	30 June 2019 HK$'000 (Unaudited)	30 June 2018 HK$'000 (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)

4. 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 HK$'000 (Unaudited)	31 December 2018 HK$'000 (Audited)	30 June 2019 HK$'000 (Unaudited)	31 December 2018 HK$'000 (Audited)	30 June 2019 HK$'000 (Unaudited)	31 December 2018 HK$'000 (Audited)	30 June 2019 HK$'000 (Unaudited)	31 December 2018 HK$'000 (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

	Financial printing services and investments holding		Financial services		Hotel advisory, hotel management and exhibition services planning		Total	
	30 June 2019 HK$'000 (Unaudited)	30 June 2018 HK$'000 (Unaudited)	30 June 2019 HK$'000 (Unaudited)	30 June 2018 HK$'000 (Unaudited)	30 June 2019 HK$'000 (Unaudited)	30 June 2018 HK$'000 (Unaudited)	30 June 2019 HK$'000 (Unaudited)	30 June 2018 HK$'000 (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 6)*	(500)	(669)	(455)	(1,401)	–	–	(955)	(2,070)
Depreciation and amortisation of right-of-use assets *(Note 6)*	(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)

4. Revenue and Segment Information *(continued)*

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	
	2019 HK$'000	2018 HK$'000	30 June 2019 HK$'000	31 December 2018 HK$'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 asset at fair value through profit or loss and deferred income tax assets.

5. Other Income and Other Gains, net

	Six months ended 30 June	
	2019 *HK$'000* (Unaudited)	2018 *HK$'000* (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

6. 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 HK$'000 (Unaudited)	2018 HK$'000 (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

7. Finance Expenses, net

	Six months ended 30 June 2019 HK$'000 (Unaudited)	2018 HK$'000 (Unaudited)
Interest expense:		
– Bank borrowings	(1,324)	(206)
– Interest on lease liabilities	(789)	–
– Loan from a related party	–	(883)
	(2,113)	(1,089)
Interest income:		
– Bank deposits	413	63
– Subordinated notes	–	187
	413	250
Finance expenses, net	(1,700)	(839)

8. 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 *HK$'000* (Unaudited)	2018 *HK$'000* (Unaudited)
Current income tax		
– PRC corporate income tax	1,171	–
Deferred income tax	316	–
	1,487	–

9. 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 *HK$'000* (Unaudited)	2018 *HK$'000* (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 (Unaudited)	2018 (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.

10. 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).

11. Property, Plant and Equipment

During the six months ended 30 June 2019, the Group acquired property, plant and equipment with a cost of HK$2,397,000 (six months ended 30 June 2018: HK$733,000). No disposal of property, plant and equipment for the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

12. Intangible Assets

	30 June 2019 *HK$'000* (Unaudited)	31 December 2018 *HK$'000* (Audited)
Goodwill	10,628	10,628
Trading rights	1,000	1,000
	11,628	11,628

The recoverable amount of a CGU is determined based on a value-in-use calculation. The calculation uses pre-tax cash flow projection based on five-year financial budget approved by management using the estimated growth rate of 5% (2018: 5%). Cash flows beyond the five-year period are extrapolated assuming a terminal growth rate of 3% (2018: 3%) and no material change in the existing scope of business, business environment and market conditions. The discount rate applied to the cash flow projections is 15% (2018: 15%) and management believes it reflects specific risks relating to the segment. Management believes that any reasonably possible change in any of the key assumptions would not result in an impairment provision of goodwill.

13. Financial Asset at Fair Value through Profit or Loss

Movement in the financial asset at fair value through profit or loss is as follows:

	HK$'000 (Unaudited)
As at 1 January 2019	14,064
Fair value gains credited to profit or loss	684
At 30 June 2019	14,748

Notes:

(a) The balance represented fair value of the Group's 3% equity interest in Hong Kong Johnson Holdings Co., Ltd. and was denominated in HKD.

(b) Valuation of financial asset at fair value through profit or loss

The fair value of the unlisted equity investment that is not traded in an active market is determined by an independent qualified valuer, Avista Valuation Advisory Limited.

The valuation of financial asset at fair value through profit or loss determined using discounted cash flow projections and are within level 3 of fair value hierarchy. The significant unobservable inputs are revenue growth rate and the rate of return on the investment. The lower the rate of return, the higher the fair value of the investment. The higher the revenue growth rate, the higher the fair value of the investment.

14. 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 HK$'000 (Unaudited)	31 December 2018 HK$'000 (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

15. 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

16. 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.

17. Related Party Transactions

The following is a summary of significant related party transactions which, in the opinion of the Directors are entered into in the ordinary course of business between the Company and its related parties in addition to the related party information shown elsewhere in these financial statements.

(a) Rendering of services

	Six months ended 30 June	
	2019 *HK$'000* (Unaudited)	2018 *HK$'000* (Unaudited)
Consultancy and financial advisory services income received from Zhuhai Huafa and its subsidiaries		
– 2019 Consultancy income I *(Note i)*	2,500	–
– 2019 Consultancy income II *(Note ii)*	9,594	–
– 2019 Consultancy income III *(Note iii)*	11,330	–
– 2019 Consultancy income IV *(Note iv)*	1,200	–
– 2019 Consultancy income V *(Note v)*	1,000	–
– 2019 Financial advisory income	500	–
	26,124	–
Underwriting commission income received from Hong Kong Huafa Investment Holdings Limited ("Huafa HK") *(Note vi)*	1,778	–
Printing and translation services income received from Zhuhai Huafa's subsidiaries	132	–
Hotel and exhibition advisory services, hotel management services and event planning and management services income received from Zhuhai Huafa and its subsidiaries		
– 2018 Hotel management income *(Note vii)*	1,460	–
– 2019 Corporate video production income *(Note viii)*	7,089	–
– 2019 Exhibition advisory income *(Note ix)*	2,181	–
	10,730	–

17. Related Party Transactions *(continued)*

(b) *Other related party transactions*

	Six months ended 30 June 2019 HK$'000 (Unaudited)	2018 HK$'000 (Unaudited)
Recharge of administrative expenses to Huafa HK *(Note x)*	2,125	1,995
Recharge of administrative expenses from Huafa HK	1,873	–
Interest expense paid to Huafa HK	–	(883)

(c) *Balance with related party*

In addition to those disclosed elsewhere, particulars of the amount due from/(to) a related party and major controlling shareholder and loan from major controlling shareholder are as follows:

	30 June 2019 HK$'000 (Unaudited)	31 December 2018 HK$'000 (Audited)
Balance included in other receivables, deposits and prepayments – Huafa HK, a wholly-owned subsidiary of Zhuhai Huafa	1,175	–
Balances included in trade receivables – Zhuhai Huafa's subsidiaries	18,697	11,512
Balance included in trade payables – Zhuhai Huafa's subsidiary	–	(340)

(d) *Compensation of key management personnel*

The remuneration of the Directors and other members of key management during the period are as follows:

	Six months ended 30 June 2019 HK$'000 (Unaudited)	2018 HK$'000 (Unaudited)
Short-term benefits	15,007	12,510

The remuneration of the Directors and key management is determined having regard to the performance of individuals and market trends.

17. Related Party Transactions *(continued)*

Notes:

(i) Huajin Financial, a wholly-owned subsidiary of the Group, entered into a consultancy agreement ("2019 Consultancy Agreement I") with Huafa HK in relation to consultancy services prior to bond issuance. Pursuant to 2019 Consultancy Agreement I, the service scope included:

- providing research report and cost analysis in relation to international bond market including changes of yields on US Treasury bonds, the Federal Reserve's attitude towards the adjustment of the interest rate and market forecasts in 2019; and
- conducting feasibility study regarding issuance of 3 types of bonds by Zhuhai Huafa and performing research on issuance conditions and procedures.

According to the 2019 Consultancy Agreement I, the fees for the 2019 Consultancy Service I amounted to HK$2,500,000, which was agreed at terms mutually agreed by both parties.

Huafa HK settled the service fees of HK$2,500,000 in June 2019.

(ii) Huajin Financial entered into a consultancy agreement ("2019 Consultancy Agreement II") with Huafa HK in relation to Huafa Group 2019 I Company Limited ("Huafa 2019")'s issuance of USD denominated bonds in June 2019. Huafa 2019 was a wholly-owned subsidiary of Huafa HK. Huafa 2019 successfully issued US$300,000,000, 4.25 per cent bonds due in year 2024 ("Huafa 2019 Bonds") in June 2019. The Huafa 2019 Bonds are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The amount of consultancy income of US$1,230,000 (equivalent to approximately HK$9,594,000) related to the consultancy service provided by Huajin Financial ("2019 Consultancy Service II"). Pursuant to the 2019 Consultancy Agreement II, 2019 Consultancy Service II included but not limited to:

- assisting Huafa HK to formulate the pricing policy of the Huafa 2019 Bonds;
- assisting Huafa HK to complete due diligence; and
- assisting in preparation of application documents and obtaining approval from relevant government authorities for bond offering.

According to the 2019 Consultancy Agreement II, the service fees for 2019 Consultancy Service II of US$1,230,000 was determined with reference to a number of factors, including:

- Difference between (1) the average of annual interest rate of bonds with same or similar credit rating issued by comparable companies in a period close to issuance date of the Huafa 2019 Bonds; and (2) the annual interest rate of the Huafa 2019 Bonds;
- Principal amount of the Huafa 2019 Bonds; and
- Maturity period of the Huafa 2019 Bonds.

Huafa HK settled the service fees of US$1,230,000 as at the date of this report.

17. Related Party Transactions *(continued)*

Notes: (continued)

(iii) In April, May and June 2019, Huajin Financial entered into consultancy agreements ("2019 Consultancy Agreements III") with Zhuhai Huafa and its thirteen subsidiaries respectively. Pursuant to the 2019 Consultancy Agreements III, Huajin Financial would provide consultancy services ("2019 Consultancy Services III") in accordance with the needs of Zhuhai Huafa's subsidiaries.

According to the 2019 Consultancy Agreements III, aggregate fees for the 2019 Consultancy Services III amounted to HK$11,330,000, which was agreed at terms agreed by the parties.

The service fees of HK$11,330,000 was settled in June 2019.

(iv) In March 2019, Huajin Financial entered into a consultancy agreement ("2019 Consultancy Agreement IV") with Huafa HK, in relation to provision of consultancy service ("2019 Consultancy Service IV") on syndicated loan. Pursuant to the 2019 Consultancy Agreement IV, the service scope included but not limited to:

- providing advice on the structure, terms and credit enhancement solution in relation to syndicated loan; and
- liaising and coordinating with the intermediaries and investors.

According to the 2019 Consultancy Agreement IV, the fees for the 2019 Consultancy Service IV amounted to HK$1,200,000, which was agreed at terms mutually agreed by both parties.

(v) In June 2019, Huajin Financial entered into a consultancy agreement ("2019 Consultancy Agreement V") with Guang Jie Investment Holding Limited ("Guang Jie"), a subsidiary of Zhuhai Huafa, in relation to consultancy services on proposed acquisition ("2019 Consultancy Service V") of certain equity interests in a target company.

Pursuant to the 2019 Consultancy Agreement V, 2019 Consultancy Service V included but not limited to:

- advising the overall planning and strategies for proposed acquisition based on the documents provided by Guang Jie;
- assisting in due diligence work towards acquisition including advising the validity of the target company's documents and providing solution for the issues identified in due diligence; and
- providing comments towards the valuation of the target company.

According to the 2019 Consultancy Agreement V, the fees for 2019 Consultancy Service V amounted to HK$1,000,000, which was agreed at terms mutually agreed by both parties.

The service fees of HK$1,000,000 was settled in June 2019.

(vi) The services income amounting to US$228,000 (equivalent to approximately HK$1,778,000) represented underwriting services provided by Huajin Securities (International) Limited, a subsidiary of the Group, to Huafa 2019 in relation to issuance of the Huafa 2019 Bonds in June 2019, which was agreed at terms mutually agreed by both parties.

The service fees of HK$1,778,000 was settled as at the date of this report.

17. Related Party Transactions *(continued)*

Notes: (continued)

(vii) In November 2018, Zhuhai Hengqin New Area Huajin International Hotel Management Company Limited ("Huajin Hotel"), a subsidiary of the Group, entered into a trial management agreement ("2018 Trial Hotel Management Agreement") with Zhuhai Huafa International Hotel Management Company Limited ("Huafa Hotel"), a subsidiary of Zhuhai Huafa, on a trial basis for a period of three months from November 2018 to January 2019.

Pursuant to the 2018 Trial Hotel Management Agreement, Huajin Hotel agreed to provide the management services ("2018 Hotel Management Service") on a trial term of three months for three hotels (collectively referred to as the "Hotels") located in Zhuhai City. The 2018 Hotel Management Service included but not limited to:

- monitoring the operation and management of the Hotels
- financial and performance benchmark analysis
- market positioning and marketing strategy evaluation and advice
- human resources evaluation and management
- facilities and equipment evaluation and advice
- information system evaluation and advice
- hotel revenue management and monitor

During the six months ended 30 June 2019, total fees for 2018 Hotel Management Service, which was provided in January 2019, amounted to RMB1,263,000 (equivalent to approximately HK$1,460,000). According to terms mutually agreed by both parties, the amount of the service fees was determined by 5% of the aggregate revenue of the Hotels in January 2019.

The service fees of HK$1,460,000 was settled in February 2019.

(viii) In June 2019, Zhuhai Hengqin New Area Huajin International Convention Services Company Limited ("Huajin Convention"), a subsidiary of the Group, entered into agreements ("2019 Video Production Services Agreements") with Zhuhai Huafa and its nine subsidiaries ("Ten Companies") respectively in relation to provision of corporate video production services ("2019 Video Production Services").

According to the 2019 Video Production Agreements, Huajin Convention is engaged by each of the Ten Companies to produce a film (including but not limited to idea conception, filming and post production services of the relevant companies relating to different businesses segments and industry Zhuhai Huafa conducts business.

The aggregate fees for the 2019 Video Production Services amounted to RMB6,132,000 (equivalent to approximately HK$7,089,000), which was agreed at terms mutually agreed by contracted parties.

The total service fees of RMB5,047,000 was settled as at the date of this report, with the balance of RMB1,085,000 remains in account receivables.

17. Related Party Transactions *(continued)*

Notes: (continued)

(ix) In June 2019, Huajin Convention entered into the exhibition service agreement ("2019 Exhibition Advisory Agreement") with a subsidiary of Zhuhai Huafa. Pursuant to the 2019 Exhibition Advisory Agreement, Huajin Convention would provide exhibition advisory services for the exhibition centre set up in certain city in Mainland China ("2019 Exhibition Advisory Service"). The service scope included refining the theme of the exhibition, optimizing the layout of the exhibition hall in accordance with the current layout, and renovating the overall content and form of the exhibition hall, including the content planning, figures making service and multimedia testing.

According to the 2019 Exhibition Advisory Agreement, the aggregate fees for 2019 Exhibition Advisory Service amounted to RMB1,887,000 (equivalent to approximately HK$2,181,000), which was agreed at terms mutually agreed by contracted parties.

The total service fees of RMB1,887,000 was settled as at the date of this report.

(x) In January 2019, Huajin Financial and Huafa HK entered into the an agreement, pursuant to which Huafa HK would share certain administrative costs as Huafa HK would use certain of Huajin Financial's office space and office equipment. The administrative costs shared by Huafa HK for the six months ended 30 June 2019 was approximately HK$2,125,000. This was agreed at terms mutually agreed by both parties, the basis of which was determined by reference to:

- Estimated administrative costs incurred by Huajin Financial in 2019;
- Estimated office area jointly-shared by Huafa HK; and
- Estimated percentage of usage of shared facilities by Huafa HK.

Huafa HK settled the shared costs in the amount of HK$2,125,000 as at the date of this report.

18. 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 report. Please also refer to the Company's announcement dated 25 August 2019.

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 of 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 Huajin 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 relevant operations of hotel management, convention and exhibition and event planning in the Mainland China through its wholly-owned subsidiaries, Zhuhai Hengqin New Area 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 report, 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 and organisation 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 operation 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).

Management Discussion and Analysis *(continued)*

Financial Review *(continued)*

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 in general, but cost of sales decreased 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.

Management Discussion and Analysis *(continued)*

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 Service

In light of tough market conditions, the Group will strive to optimize 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.

Management Discussion and Analysis *(continued)*

Interim Dividend

The Board does 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.

Management Discussion and Analysis *(continued)*

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.

Directors' and Chief Executive's Interests and Short Positions in Shares

As at 30 June 2019, none of the Directors or the chief executive of the Company or their close associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have been taken under such provisions of the SFO), or which were required to be recorded in the register kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

Other Information *(continued)*

Interest of Substantial Shareholders

As far as was known to the Directors, as at 30 June 2019, the interests or short positions of persons in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange were as follows:

Long position in ordinary shares of HK$0.00025 each of the Company

Name of Substantial Shareholders	Capacity/Nature of interest	Number of shares held	Approximate percentage of interested shares to the issued share capital of the Company (%)
Zhuhai Huafa *(Note 1)*	Interest in controlled corporations	3,710,750,000	36.88
Ho Chi Sing *(Note 2)*	Interest in controlled corporations	860,920,000	8.56
IDG Light Solutions Limited *(Note 2)*	Beneficial owner	860,920,000	8.56

Notes:

1. Zhuhai Huafa holds 100% of the issued share capital of Huafa HK, which in turn holds 100% of the issued share capital of Huajin Investment Company Limited ("Huajin"). Since Huajin holds 3,710,750,000 shares of the Company, Zhuhai Huafa is deemed to be interested in 3,710,750,000 shares of the Company by virtue of its shareholding in Huajin.

2. Mr. Ho Chi Sing directly holds 100% of the issued share capital of IDG Light Solutions Limited (incorporated in the British Virgin Islands), which holds 860,920,000 shares of the Company.

   Therefore, Mr. Ho Chi Sing is deemed to be interested in a total of 860,920,000 shares of the Company by virtue of his shareholding in IDG Light Solutions Limited.

Save as disclosed above, as at 30 June 2019, no person had any interests or short position in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO, or otherwise notified to the Company and the Stock Exchange.

Other Information *(continued)*

Outlook

It is expected the global financial markets remain volatile for the rest of 2019. While facing with a complicated business environment, looking ahead, 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 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.

Environmental, Social And Governance ("ESG") Reporting

To prepare for the ESG report in compliance with the Stock Exchange's requirements, the Company has already engaged an ESG consultant, namely RSM Consulting (Hong Kong) Limited, to assist its preparation which include scope identification, materiality analysis, data collection and report content development.

Other Information *(continued)*

Change of Director's Information

Mr. Shong Hugo has resigned as an independent director of China United Telecommunications Limited, a company listed on the Shanghai Stock Exchange (stock code: 600050) with effect from 5 July 2019.

Change of Composition of the Board

As disclosed in the Company's announcement dated 28 June 2019, Mr. Qie Yan resigned as a non-executive Director with effect from 28 June 2019.

Mr. Tze Kan Fat has been appointed as an Executive Director with effect from 28 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