Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

金利豐金融集團有限公司
KINGSTON FINANCIAL GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 01031)

ANNUAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2018

The board of directors (the "Board") of Kingston Financial Group Limited (the "Company") announces the audited consolidated annual results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2018 as follows:

FINANCIAL HIGHLIGHTS

- Revenue for the year ended 31 March 2018 was approximately HK$3,093,546,000, representing an increase of approximately 7% from approximately HK$2,878,897,000 for the year ended 31 March 2017.

- Profit attributable to owners of the Company for the year ended 31 March 2018 was approximately HK$1,348,626,000, representing a decrease of approximately 9% from approximately HK$1,484,943,000 for the year ended 31 March 2017. The decrease was mainly due to an impairment loss on advances to customers in margin financing of approximately HK$430,573,000 (2017: approximately HK$58,754,000) recognised during the year.

- Earnings per share for the year ended 31 March 2018 was approximately HK7.77 cents, representing a decrease of approximately 9% from approximately HK8.55 cents for the year ended 31 March 2017.

- The Board has recommended the payment of a final dividend of HK2 cents per share (2017: HK2.5 cents per share).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
Revenue	4	**3,093,546**	2,878,897
Other income		**39,647**	29,743
		3,133,193	2,908,640
Inventory consumed		**(22,167)**	(21,871)
Staff costs		**(264,966)**	(274,407)
Gaming commission		**(92,526)**	(91,470)
Broker commission		**(45,284)**	(46,955)
Interest expenses for securities brokerage, underwriting and placements, margin and IPO financing operations		**(264,144)**	(247,090)
Depreciation		**(105,457)**	(118,001)
Impairment loss on advances to customers in margin financing		**(430,573)**	(58,754)
Administrative expenses		**(125,654)**	(110,856)
Other operating expenses		**(138,105)**	(153,619)
		(1,488,876)	(1,123,023)
Finance income		**14,972**	8,139
Finance cost	6	**(30,300)**	(20,200)
Fair value (loss)/gain on held for trading investments		**(12,331)**	19,665
Exchange gain		**4,579**	2,736
Amortisation	14	**(14,132)**	(14,132)
		(37,212)	(3,792)
Profit before taxation	8	**1,607,105**	1,781,825
Taxation	7	**(252,744)**	(289,242)
Profit for the year		**1,354,361**	1,492,583

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME — CONTINUED

For the year ended 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
Profit for the year		**1,354,361**	1,492,583
Other comprehensive income	*11*		
Item that will not be reclassified to profit or loss:			
Surplus/(deficit) on revaluation of leasehold land and buildings		**128,099**	(172,486)
Item that may be reclassified subsequently to profit or loss:			
Unrealised (loss)/gain arising from change in fair value of available-for-sale investments		**(138)**	108
Other comprehensive income/(loss) for the year, net of tax		**127,961**	(172,378)
Total comprehensive income for the year		**1,482,322**	1,320,205
Profit for the year attributable to:			
Owners of the Company		**1,348,626**	1,484,943
Non-controlling interests		**5,735**	7,640
		1,354,361	1,492,583
Total comprehensive income attributable to:			
Owners of the Company		**1,476,587**	1,312,565
Non-controlling interests		**5,735**	7,640
		1,482,322	1,320,205
Earnings per share (cents per share)	*10*		
— Basic		**7.77**	8.55
— Diluted		**7.77**	8.55

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
Non-current assets			
Property, plant and equipment		**2,848,724**	2,799,525
Statutory deposit for financial services business		**10,281**	7,147
Goodwill		**10,996,683**	10,996,683
Intangible assets	*14*	**266,157**	280,289
		14,121,845	14,083,644
Current assets			
Inventories		**2,390**	2,322
Available-for-sale investments		**410**	548
Held for trading investments		**192,805**	134,955
Advances to customers in margin financing	*12*	**20,582,355**	19,468,948
Trade and other receivables	*13*	**152,521**	151,920
Tax recoverable		**97,175**	97,231
Cash and bank balances — held on behalf of customers		**2,049,601**	2,410,359
Cash and bank balances — general accounts		**395,793**	304,762
		23,473,050	22,571,045
Current liabilities			
Trade and other payables	*15*	**2,284,507**	2,616,461
Amounts due to shareholders		**4,219,911**	2,311,911
Loan from a related company		**7,142,999**	7,948,861
Subordinated loans		**700,000**	700,000
Bank loans	*16*	**1,710,000**	2,005,834
Tax payable		**65,217**	59,623
		16,122,634	15,642,690
Net current assets		**7,350,416**	6,928,355
Total assets less current liabilities		**21,472,261**	21,011,999

CONSOLIDATED STATEMENT OF FINANCIAL POSITION — CONTINUED

As at 31 March 2018

	Notes	**2018** **HK$'000**	2017 *HK$'000*
Non-current liabilities			
Bank loans	*16*	**640,000**	1,230,000
Deferred tax liabilities		**192,901**	180,861
Total non-current liabilities		**832,901**	1,410,861
Total liabilities		**16,955,535**	17,053,551
Net assets		**20,639,360**	19,601,138
Capital and reserves			
Share capital — ordinary shares		**272,290**	272,290
Share capital — non-redeemable convertible preference shares		**75,000**	75,000
Reserves		**20,276,464**	19,233,977
Total equity attributable to owners of the Company		**20,623,754**	19,581,267
Non-controlling interests		**15,606**	19,871
Total equity		**20,639,360**	19,601,138

SCOPE OF WORKS OF MESSRS. BDO LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2018 as set out in this announcement have been agreed by the Group's auditors, Messrs. BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. BDO Limited in this announcement.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company was incorporated as an exempted company with limited liability in Bermuda on 10 April 1996 under the Companies Act 1981 of Bermuda. The Company's shares have been listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 23 July 1996. The address of its registered office and principal place of business of the Company are Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and Suite 2801, 28th Floor, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong, respectively.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements of the Group include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

Except as described in note 3, the accounting policies adopted for preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 March 2017.

3. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs — effective 1 April 2017

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKFRS 12, Disclosure of Interests in Other Entities

Amendments to HKAS 7 — Disclosure Initiative

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The adoption of the amendments has led to the additional disclosure presented in the notes to the cash flow statement.

Amendments to HKAS 12 — Recognition of Deferred Tax Assets for Unrealised Losses

The amendments relate to the recognition of deferred tax assets and clarify some of the necessary considerations, including how to account for deferred tax assets related to debt instruments measured of fair value.

The adoption of the amendments has no impact on these consolidated financial statements as the Group has no deferred tax assets.

Annual Improvements to HKFRSs 2014-2016 Cycle — Amendments to HKFRS 12, Disclosure of Interests in Other Entities

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 12, Disclosure of Interests in Other Entities, to clarify that the disclosure requirements of HKFRS 12, other than the requirements to disclose summarised financial information, also apply to an entity's interests in other entities classified as held for sale or discontinued operations in accordance with HKFRS 5, Non-Current Assets Held for Sale and Discontinued Operations.

The adoption of the amendments has no impact on these consolidated financial statements as the Group has no interests in other entities.

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKFRS 2	Classification and Measurement of Share-Based Payment Transactions[1]
HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)[1]
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards[1]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014–2016 Cycle[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
HKFRS 16	Leases[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle[2]

[1] Effective for annual periods beginning on or after 1 January 2018
[2] Effective for annual periods beginning on or after 1 January 2019

Amendments to HKFRS 2 — Classification and Measurement of Share-Based Payment Transactions

The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

HKFRS 9 — Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at Fair Value Through Other Comprehensive Income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at Fair Value Through Profit or Loss ("FVTPL").

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

Based on the Group's financial instruments and risk management policies as at 31 March 2018, the directors of the Company anticipate the following potential impacts on initial application of HKFRS 9:

Classification and measurement:

Investment funds classified as available-for-sale financial assets carried at fair value. These investment funds are qualified for designation as measured at FVTOCI under HKFRS 9 and the Group elects this option. For these financial assets, the fair value gains or losses accumulated in the investment revaluation reserve will no longer be subsequently reclassified to profit or loss under HKFRS 9, which is different from the current treatment under HKAS 39. This will affect amounts recognised in the Group's profit or loss and other comprehensive income but will not affect total comprehensive income.

The directors of the Company anticipate that the application of the standard may not have a material impact on the Group's other financial assets and liabilities.

Impairment:

The directors of the Company anticipate the application of the standard may have a material impact on impairment assessment in respect of the Group's financial assets. The expected credit loss model may result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets at amortised cost. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 15 — Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

Amendments to HKFRS 15 — Revenue from Contracts with Customers (Clarifications to HKFRS 15)

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

The Group has various types of revenue and income. Interest income forming, a significant component of the Group's revenue, is not under the scope of HKFRS 15. The Group has assessed the impact of HKFRS 15 on the remaining revenue and does not expect that the application of the standard will have a significant impact on recognition or measurement of income from majority of these services. However, the application of HKFRS 15 may result in more disclosures in the consolidated financial statements.

Annual Improvements to HKFRSs 2014-2016 Cycle — Amendments to HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards, removing transition provision exemptions relating to accounting periods that had already passed and were therefore no longer applicable.

HK(IFRIC)-Int 22 — Foreign Currency Transactions and Advance Consideration

The Interpretation provides guidance on determining the date of the transaction for determining an exchange rate to use for transactions that involve advance consideration paid or received in a foreign currency and the recognition of a non-monetary asset or non-monetary liability. The Interpretations specifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part thereof) is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

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

The Interpretation supports the requirements of HKAS 12, Income Taxes, by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes. Under the Interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the "most likely amount" or the "expected value" approach, whichever better predicts the resolution of the uncertainty.

Amendments to HKFRS 9 — Prepayment Features with Negative Compensation

The amendments clarify that prepayable financial assets with negative compensation can be measured at amortised cost or at fair value through other comprehensive income if specified conditions are met — instead of at fair value through profit or loss.

HKFRS 16 — Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 "Leases" and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Group is in the process of making an assessment of the potential impact on its consolidated financial statements. So far, the most significant impact identified is that the Group will recognize new assets and liabilities for its operating leases. In addition, the nature of expenses related to those leases will now change as HKFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expenses on lease liabilities.

Except for HKFRS 9, HKFRS 15 and HKFRS 16, the Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies and financial statements.

4. REVENUE

	2018	2017
	HK$'000	*HK$'000*
Financial services business		
— securities brokerage, underwriting and placements	**360,544**	293,920
— margin and IPO financing	**1,964,949**	1,879,222
— other financial services	**85,870**	32,967
Hotels and gaming business		
— room rental	**168,695**	141,067
— food and beverage	**27,232**	27,725
— gaming revenue	**473,528**	492,095
— other rental income	**12,728**	11,901
	3,093,546	2,878,897

5. SEGMENTAL INFORMATION

For management purposes, the Group is organised into business units based on their services, and has seven (31 March 2017: seven) reporting operating segments as follows:

Financial services segments:

— Securities brokerage, underwriting and placements segment is the provision of brokerage, underwriting and placements services for dealings in securities on recognised stock exchanges.

— Margin and initial public offering ("IPO") financing segment is the provision of credits in these transactions.

— Other financial services mainly include provision of corporate finance advisory services, futures brokerage and asset management.

Hotel and gaming segments:

— Hotel ownership and management segment is the operation of hotels and provision of hotel management services.

— Food and beverage segment is the operation of restaurants in hotels.

— Gaming segment is the provision of services to casinos run by the license holder Sociedade de Jogos de Macau, S.A ("SJM") in hotels.

Securities investment segment:

— Securities investment segment is the trading of listed securities.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on a measure of adjusted earnings before interest, income tax, depreciation and amortisation (adjusted EBITDA). Interest income and expenditure and certain income and expenses (including depreciation, amortisation, finance cost, taxation, gain on disposal of property, plant and equipment and exchange gain) are not included in the result of each operating segment that is reviewed by the management. Other information provided, except as noted below, to the management is measured in a manner consistent with that in the consolidated financial statements.

Revenue between segments are carried out on terms equivalent to those that prevail in arm's length transactions. The revenue from external customers reported to the management is measured in a manner consistent with that in the consolidated statement of profit or loss and other comprehensive income.

Operating segments

The following tables represent segment information of the Group provided to the Group's management for the year ended 31 March 2018 and 2017, respectively.

For the year ended 31 March 2018

	Securities brokerage, underwriting and placements *HK$'000*	Margin and IPO financing *HK$'000*	Other financial services *HK$'000*	Financial services business *HK$'000*	Hotel ownership and management *HK$'000*	Food and beverage *HK$'000*	Gaming *HK$'000*	Securities investment *HK$'000*	Total *HK$'000*
Segment Revenue									
External customers	**360,544**	**1,964,949**	**85,870**	**2,411,363**	**181,423**	**27,232**	**473,528**	**–**	**3,093,546**
Inter-segment	**16**	**–**	**990**	**1,006**	**55,438**	**–**	**8,732**	**–**	**65,176**
	360,560	**1,964,949**	**86,860**	**2,412,369**	**236,861**	**27,232**	**482,260**	**–**	**3,158,722**
Adjusted EBITDA	**335,222**	**1,171,888**	**66,095**	**1,573,205**	**119,763**	**(10,198)**	**184,824**	**(12,140)**	**1,855,454**
Segment Assets				**33,919,569**	**2,372,290**	**353,074**	**451,895**	**192,805**	**37,289,633**
Capital expenditure				**270**	**6,239**	**935**	**1,645**	**–**	**9,089**
Segment Liabilities				**12,710,352**	**212,618**	**11,990**	**52,804**	**–**	**12,987,764**

For the year ended 31 March 2017

	Securities brokerage, underwriting and placements *HK$'000*	Margin and IPO financing *HK$'000*	Other financial services *HK$'000*	Financial services business *HK$'000*	Hotel ownership and management *HK$'000*	Food and beverage *HK$'000*	Gaming *HK$'000*	Securities investment *HK$'000*	Total *HK$'000*
Segment Revenue									
External customers	293,920	1,879,222	32,967	2,206,109	152,968	27,725	492,095	–	2,878,897
Inter-segment	32	–	1,200	1,232	57,433	–	9,264	–	67,929
	293,952	1,879,222	34,167	2,207,341	210,401	27,725	501,359	–	2,946,826
Adjusted EBITDA	269,720	1,449,936	11,927	1,731,583	98,219	(10,682)	185,393	19,906	2,024,419
Segment Assets				33,100,776	2,183,507	392,231	516,846	134,955	36,328,315
Capital expenditure				616	13,482	2,452	6,947	–	23,497
Segment Liabilities				14,774,163	198,623	10,313	40,983	–	15,024,082

Reconciliations of segment revenues, adjusted EBITDA, assets and liabilities

	2018	2017
	HK$'000	*HK$'000*
Segment revenue	**3,158,722**	2,946,826
Elimination of inter-segment revenue	**(65,176)**	(67,929)
Consolidated revenue	**3,093,546**	2,878,897
Adjusted EBITDA	**1,855,454**	2,024,419
Other income	**14,085**	1,569
Interest income	**686**	362
Exchange gain	**4,579**	2,736
Corporate staff cost	**(30,296)**	(30,251)
Corporate overhead	**(87,514)**	(64,975)
Depreciation	**(105,457)**	(118,001)
Amortisation	**(14,132)**	(14,132)
Gain on disposal of property, plant and equipment	–	300
Written off of property, plant and equipment	**–**	(2)
Finance cost	**(30,300)**	(20,200)
Taxation	**(252,744)**	(289,242)
Profit for the year	**1,354,361**	1,492,583
Segment assets	**37,289,633**	36,328,315
Intangible assets	**266,157**	280,289
Available-for-sale investments	**410**	548
Unallocated corporate assets	**38,695**	45,537
Total assets	**37,594,895**	36,654,689
Segment liabilities	**12,987,764**	15,024,082
Amounts due to shareholders	**3,929,911**	2,021,911
Unallocated corporate liabilities	**37,860**	7,558
Total liabilities	**16,955,535**	17,053,551

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable segments other than intangible assets, available-for-sale investments and assets used jointly by reportable segments.

- all liabilities are allocated to reportable segments other than amounts due to shareholders and liabilities for which reportable segments are jointly liable.

Geographical segment information

The Group's financial services are located in Hong Kong and the other operations are mainly located in Macau of The People's Republic of China ("PRC").

The Group's non-current assets by geographical location of the assets are detailed below:

	2018	2017
	HK$'000	*HK$'000*
Hong Kong	**10,998,772**	11,001,822
Macau	**2,846,635**	2,794,386
Canada	**266,157**	280,289
Total non-current assets *(Note)*	**14,111,564**	14,076,497

Note: Non-current assets exclude statutory deposit for financial services business.

Information about major customers

Revenue from customers of corresponding years contributing over 10% of total revenue of the Group are as follows:

	2018	2017
	HK$'000	*HK$'000*
SJM *(Note)*	**473,528**	492,095

Note: Revenue from gaming segment

6. FINANCE COST

	2018	2017
	HK$'000	*HK$'000*
Interest on amount due to a shareholder	**30,300**	20,200

7. TAXATION

	2018	2017
	HK$'000	*HK$'000*
Current tax:		
Hong Kong profits tax	**258,028**	288,353
Macau complementary tax	**2,450**	354
(Over)/under provision in respect of prior years	**(2,305)**	629
Deferred tax	**(5,429)**	(94)
	252,744	289,242

(a) Hong Kong profits tax has been provided for the year ended 31 March 2018 at a rate of 16.5% (2017: 16.5%).

(b) Macau Complementary Tax has been provided for the year ended 31 March 2018 at a rate of 12% (2017:12%). Two Group's wholly owned subsidiaries, Good Start Group Limited and Target All Investments Limited received tax notices issued by Macau Financial Services Bureau dated 18 May 2016 and 24 October 2016 respectively, assessing Good Start Group Limited's Macau Complementary Tax payable for the year of assessment 2011 and 2012 to be approximately HK$24,400,000 and HK$25,400,000 respectively, and Target All Investments Limited's Macau Complementary Tax payable for the year of assessment 2013 and 2014 to be approximately HK$3,800,000 and HK$6,300,000 respectively. No respective tax provision has been made for previous and current years. The tax payment was included in tax recoverable, the details are in stated note 17 contingent liabilities.

(c) Income tax arising in other jurisdictions is calculated at the rates prevailing in respective jurisdictions.

(d) The taxation for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2018	2017
	HK$'000	*HK$'000*
Profit before taxation	**1,607,105**	1,781,825
Tax calculated at domestic tax rate of 16.5%	**265,172**	294,001
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(10,102)**	(8,659)
Tax effect of non-deductible expenses	**54,934**	72,769
Tax effect of non-taxable income	**(55,097)**	(68,194)
Deferred tax assets not recognised	**447**	4
(Over)/under provision in prior years	**(2,305)**	629
Others	**(305)**	(1,308)
Taxation for the year	**252,744**	289,242

8. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after charging the following:

	2018	2017
	HK$'000	*HK$'000*
Auditor's remuneration	**2,290**	2,200
Marketing, advertising and promotion expenses	**80,259**	92,819
Operating lease charges	**30,987**	30,490

9. DIVIDEND

No interim dividend was declared for the six months ended 30 September 2017 and 2016.

The Board has recommended the payment of final dividend of HK2 cents per share for the year ended 31 March 2018 (2017: HK2.5 cents per share).

10. EARNINGS PER SHARE

	2018	2017
	HK cent	*HK cent*
Basic earnings per share	**7.77**	8.55
Diluted earnings per share	**7.77**	8.55

(a) Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	2018	2017
	HK$'000	*HK$'000*
Profit for the purpose of basic earnings per share	**1,348,626**	1,484,943

	2018	2017
Weighted average number of ordinary shares	**13,614,480,666**	13,614,480,666
Weighted average number of non-redeemable convertible preference shares	**3,750,000,000**	3,750,000,000
Weighted average number of shares for the purpose of basic earnings per share	**17,364,480,666**	17,364,480,666

(b) Diluted earnings per share

Diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares in issue during the year ended 31 March 2018 and 2017.

11. OTHER COMPREHENSIVE INCOME

	2018			2017		
	Before tax	**Tax**	**After tax**	Before tax	Tax	After tax
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Surplus/(deficit) on revaluation of leasehold land and buildings	**145,567**	**(17,468)**	**128,099**	(196,006)	23,520	(172,486)
Unrealised (loss)/gain arising from change in fair value of available-for-sale investments	**(138)**	**–**	**(138)**	108	–	108
Other comprehensive income	**145,429**	**(17,468)**	**127,961**	(195,898)	23,520	(172,378)

12. ADVANCES TO CUSTOMERS IN MARGIN FINANCING

	2018	2017
	HK$'000	*HK$'000*
Directors of subsidiaries and their associates	**117,442**	77,597
Other margin financing customers	**20,961,400**	19,458,100
Less: Allowance for doubtful debt	**(496,487)**	(66,749)
	20,582,355	19,468,948

The movements in impairment loss on advances to customers in margin financing, all assessed individually, are as follows:

	2018	2017
	HK$'000	*HK$'000*
At the beginning of the year	**66,749**	20,642
Impairment loss recognised	**430,573**	58,754
Bad debt written off	**–**	(12,647)
Impairment loss reversed	**(835)**	–
At the end of the year	**496,487**	66,749

Advances to customers in margin financing are repayable on demand and carry interest at approximately Hong Kong Dollar Prime rate plus 3%. Margin clients are required to pledge securities collateral to the Group in order to obtain credit facilities for securities trading. The amount of credit facilities granted to them is determined by the discounted value of securities accepted by the Group.

At 31 March 2018, total market value of securities pledged as collateral in respect of the loan to other margin financing customers was approximately HK$84,466,301,000 (31 March 2017: approximately HK$75,132,966,000).

No ageing analysis is disclosed for advances to customers in margin financing as, in the opinion of the directors, an ageing analysis is not meaningful in view of the business nature of securities dealings and margin financing.

13. TRADE AND OTHER RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Trade receivables from financial services segments	**36,370**	34,683
Trade receivables from hotel and gaming segments	**59,205**	67,555
Other receivables, deposits and prepayments	**56,946**	49,682
	152,521	151,920

Trade receivables from financial services segments

	2018	2017
	HK$'000	*HK$'000*
Accounts receivable arising from the ordinary course of business of dealing in securities:		
Cash clients	**9,959**	13,715
Clearing house	**7,839**	8,590
Brokers and dealers	**673**	623
Accounts receivable arising from the ordinary course of business of dealing in futures contracts:		
Clearing house	**10,571**	7,128
Accounts receivable arising from the ordinary course of business in the provision of:		
Corporate finance advisory services	**7,328**	4,627
	36,370	34,683

The settlement terms of accounts receivable attributable to dealing in securities are one or two days after trade date, and those of accounts receivable attributable to dealing in futures are one day after the trade date. All accounts receivable from cash clients are not past due at the reporting dates for which the management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are considered fully recoverable.

Accounts receivable from clearing houses, brokers, dealers and corporate finance clients are current.

Trading limits are set for customers. The Group seeks to maintain tight control over its outstanding accounts receivable in order to minimise credit risk. Overdue balances are regularly monitored by management.

Trade receivables from hotel and gaming segments

The Group generally allows an average credit period of 30 days to its customers. The following is an ageing analysis of trade receivables at the end of the reporting period:

	2018	2017
	HK$'000	*HK$'000*
0–30 days	**44,644**	50,365
31–60 days	**11,321**	11,687
61–90 days	**75**	907
Over 90 days	**26,549**	27,980
	82,589	90,939
Allowance for doubtful debt	**(23,384)**	(23,384)
	59,205	67,555

The movements of impairment loss on trade receivables of the hotel and gaming segments are as follows:

	2018	2017
	HK$'000	*HK$'000*
At beginning and end of the year	**23,384**	23,384

The following is an ageing analysis of trade receivables by due date at the end of the reporting period:

	2018	2017
	HK$'000	*HK$'000*
Neither past due nor impaired	**44,644**	50,365
Past due but not impaired:		
Less than 1 month past due	**11,321**	11,687
1 to 3 months past due	**75**	1,298
Over 3 months past due	**3,165**	4,205
	14,561	17,190
	59,205	67,555

The balances which are past due but not impaired relate to a number of customers who have a good track record with the Group, or are active during the year.

The balances of other classes within trade and other receivables of the Group are neither past due nor impaired. Management considers that the credit risk associated with these receivables is minimal.

14. INTANGIBLE ASSETS

	HK$'000
Cost	
At 1 April 2016, 31 March 2017, 1 April 2017 and 31 March 2018	322,685
Accumulated amortisation	
At 1 April 2016	28,264
Amortisation	14,132
At 31 March 2017 and 1 April 2017	42,396
Amortisation	14,132
At 31 March 2018	56,528
Net book value	
At 31 March 2018	266,157
At 31 March 2017	280,289

The intangible assets represented the costs of the 15 subsurface mineral permits acquired which were subsequently transferred into leases during the financial year ended 31 March 2017.

The 15 permits were initially granted by the Saskatchewan Ministry of Energy and Resources, currently known as the Ministry of the Economy of Saskatchewan, in 2008 to prospect for subsurface mining in Elk Point, Saskatchewan, Canada with area of approximately 3,989.95 square kilometres.

During the year ended 31 March 2018, there is no change in the estimated lease term and the intangible asset is amortised on a straight-line basis over its estimated useful life of 24 years.

15. TRADE AND OTHER PAYABLES

	2018	2017
	HK$'000	*HK$'000*
Trade payables from financial services segments	**2,112,096**	2,480,424
Trade payables from hotel and gaming segments	**14,466**	14,621
Other payables and accruals	**157,945**	121,416
	2,284,507	2,616,461

Trade payables from financial services segments

	2018	2017
	HK$'000	*HK$'000*
Accounts payable arising from the ordinary course of business of dealing in securities:		
Cash clients	**318,265**	976,696
Margin clients	**1,731,404**	1,482,139
	2,049,669	2,458,835
Dividend payable to clients	**1,667**	28
Clearing house	**42,948**	8,914
Accounts payable arising from the ordinary course of business of dealing in futures contracts:		
Clients	**17,768**	10,418
Accounts payable arising from the ordinary course of business in the provision of:		
Corporate finance advisory services	**44**	36
Assets management services	**–**	2,193
	2,112,096	2,480,424

The settlement terms of accounts payable attributable to dealing in securities are one or two days after the trade date, and those of accounts payable attributable to dealing in futures are one day after trade date.

No ageing analysis is disclosed for payables to margin clients as, in the opinion of the directors, an ageing analysis is not meaningful in view of the business nature of securities dealings and margin financing.

As at the 31 March 2018, included in accounts payable was an amount of approximately HK$2,049,601,000 (2017: approximately HK$2,410,359,000) payable to clients and other institutions in respect of trust and segregated bank balances received and held for clients and other institutions in the course of the conduct of regulated activities.

Trade payables from hotel and gaming segments

The following is an ageing analysis of trade payables at the end of the reporting period:

	2018	2017
	HK$'000	*HK$'000*
0–30 days	**9,901**	8,978
31–60 days	**4,130**	3,466
61–90 days	**249**	724
Over 90 days	**186**	1,453
	14,466	14,621

16. BANK LOANS

		2018	2017
	Notes	***HK$'000***	*HK$'000*
Secured bank loans:			
Money market loans and revolving loans	*(a)*	**1,620,000**	1,535,000
Term loans	*(b)*	**730,000**	1,320,000
Unsecured bank loans:			
Corporate tax loan		**–**	380,834
		2,350,000	3,235,834
Repayable:			
Within one year		**1,710,000**	2,005,834
More than one year, but not exceeding two years		**90,000**	90,000
More than two years, but not exceeding five years		**270,000**	270,000
After five years		**280,000**	870,000
		2,350,000	3,235,834
Amount due within one year included in current liabilities		**(1,710,000)**	(2,005,834)
Amount due after one year		**640,000**	1,230,000

Notes:

(a) The bank loans of the Group were secured by marketable securities of approximately HK$7,259,478,000 (2017: approximately HK$6,414,393,000) pledged to the Group by margin financing customers, a bond at value of approximately HK$44,183,000 (2017: approximately HK$46,512,000) and certificates of deposit at value of approximately HK$47,950,000 (2017: approximately HK$48,470,000). The bank loans bear floating interest rates ranging from 0.93% to 2.77% per annum (2017: 0.82% to 1.82%).

(b) The term loans of approximately HK$730,000,000 (2017: approximately HK$1,320,000,000), bearing floating interest rates ranging from 2.42% to 3.24% per annum (2017: 2.86% to 3.32%) were secured by:

a. the pledge of leasehold land and buildings held for own use with carrying amounts of approximately HK$2,200,000,000 (2017: approximately HK$2,140,000,000);

b. shares of two subsidiaries;

c. corporate guarantee from a subsidiary;

d. a charge over operating bank accounts of two subsidiaries;

e. assignment of income and receivables arising from commercial operations of two subsidiaries.

17. CONTINGENT LIABILITIES

The Group's wholly owned subsidiary Good Start Group Limited received tax notices issued by Macau Financial Services Bureau dated 29 April 2014 and 18 May 2016 assessing its Macau Complementary Tax payable for the years of assessment 2009 and 2010 and years of assessment 2011 and 2012 respectively. The tax amounts per tax notices for aforementioned years of assessment were approximately HK$15,000,000, HK$20,000,000, HK$24,400,000 and HK$25,400,000 respectively.

The Group's another wholly owned subsidiary Target All Investments Limited received tax notices issued by Macau Financial Services Bureau dated 26 August 2015 and 24 October 2016 assessing its Macau Complementary Tax payable for the years of assessment 2011 and 2012 and years of assessment 2013 and 2014 respectively. The tax amounts per tax notices for aforementioned years of assessment were approximately HK$1,300,000, HK$1,000,000, HK$3,800,000 and HK$6,300,000 respectively.

The Group lodged objection to appeal against the aforesaid notices according to stipulated appeal procedures. The Review Committee of Macau Financial Services Bureau (the "Committee") issued their decision to reject all appeals by the Group in relation to the aforesaid Macau Complementary Tax payable.

After receiving the final decision of the Committee on their rejection of the Group's appeal, the Group made the tax payment according to stipulated regulation requirement before making further appeal via court. With regard to each of the Committee's rejection of the Group's appeal, the Group separately submitted initial petitions to the court on 9 December 2014 and 24 October 2016 for Good Start Group Limited and initial petitions to the court on 10 March 2016 and 17 February 2017 for Target All Investments Limited. The legal proceedings are still in progress up to the date of this announcement. As advised by local tax consultant and lawyer, the directors considered that the Group has valid grounds for the appeal and they believed that the gaming revenue generated through Good Start Group Limited and Target All Investments Limited's Service Agreement with SJM is not subject to Macau Complementary Tax since it is derived from SJM gaming revenue, which gaming revenue is exempted pursuant to Macau Law. Accordingly, no provision of taxation is considered given the chances for the chargeability is not probable.

If the legal proceedings relating to the Macau Complementary Tax payables for the years of assessment 2009, 2010, 2011, and 2012 of Good Start Group Limited, and years of assessment 2011, 2012, 2013, and 2014 of Target All Investments Limited are eventually unsuccessful and if the same basis of taxation is applied to all years of assessment from 2011 to 2018, the tax recoverable amount of approximately HK$97,200,000 will be offset against the tax obligation and the Group will additionally need to pay approximately HK$107,600,000 of Macau Complementary Tax for its mass market business in Macau. Pursuant to the Macau Complementary Tax law, the assessment on an estimated assessable profit in a year of assessment will lapse in five consecutive years after that year of assessment, thus no tax liability was expected for the year of assessment before 2009.

The Group had no other material contingent liabilities at the end of the year 31 March 2018.

18. EVENTS AFTER THE REPORTING PERIOD

On 16 June 2018, the Group's wholly owned subsidiary Canada United Potash Limited (the "CUPL") was notified by the Ministry of Energy and Resources (the "Ministry"), Canada, that the status of its 15 subsurface mineral leases, as recorded under intangible assets of the Group, would continue to be active, provided that the CUPL submits a payment for the delinquent payments of rentals within an agreed upon payment schedule. As at 28 June 2018, both CUPL and the Ministry have not yet concluded a specific repayment time schedule for the aforesaid delinquent payments of rentals and the CUPL have not yet made any payment for the aforesaid delinquent payments of rentals.

MANAGEMENT DISCUSSION AND ANALYSIS

On behalf of the Board of directors (the "Board") of Kingston Financial Group Limited (the "Company"), I am pleased to announce the annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2018 (the "Year").

OVERVIEW

The Group is principally engaged in the provision of a wide range of financial services including securities brokerage, underwriting and placements, margin and initial public offering financing, corporate finance advisory, futures brokerage and asset management services. The Group also provides gaming and hospitality services in Macau.

Total revenue recorded by the Group for the Year amounted to approximately HK$3,093,546,000, representing an increase of approximately 7% as compared to approximately HK$2,878,897,000 for the year ended 31 March 2017 ("the Previous Year").

Profit attributable to the Company's shareholders for the Year amounted to approximately HK$1,348,626,000, representing a decrease of approximately 9% as compared to approximately HK$1,484,943,000 for the Previous Year. Basic earnings per share for the Year was approximately HK7.77 cents, representing a decrease of approximately 9% as compared to approximately HK8.55 cents for the Previous Year. The decreases was mainly due to an impairment loss on advances to customers in margin financing of approximately HK$430,573,000 (2017: approximately HK$58,754,000) recognised during the Year.

BUSINESS AND FINANCIAL REVIEW

Despite continuing geopolitical tensions and increasing political pressure in certain regions around the world, the global economy performed surprisingly well and many countries recorded acceleration in GDP not seen in years. China's economy grew faster than expected, mainly supported by the industrial sector, the property market and export growth. In 2017, China's GDP increased by 6.9% for the first time since 2011. The 6.8% of GDP growth in the fourth quarter was higher than market expectation of 6.7%. China's President Xi Jinping expressed at the annual World Economic Forum in Davos that China welcomes free trade and would further open wider the nation's door to foreign investment. The promotion of the Belt and Road Initiative is also moving on apace. Leaders from over one hundred countries attended the summit on China's New Silk Road trade project in Beijing. Billions of US dollars will be injected into the project in the foreseeable future. The global economy is expected to benefit from massive investments in railroads, ports and all types of infrastructure across the globe.

For the Year, the average daily turnover of the Hong Kong securities market was approximately HK$106.1 billion, representing an increase of 57% as compared to approximately HK$67.4 billion of the Previous Year. There were 203 newly-listed companies during the Year, as compared to 146 reported newly listed companies of the Previous Year. Due to geographical advantages of close proximity to China and continuing integration of Hong Kong and China markets, Hong Kong remained strong and active in IPO and continued to dominate as the world's leading IPO centre. The robust growth of local financial market definitely played an important role in bolstering the Company's business activities. The vitality of the local stock market in terms of trading volume boosted the securities brokerage segment of the Company to demonstrate growth with increased revenue as compared to the Previous year. However, the market volatility has become more intense amid concerns over a possible ignition of global trade war and tightening monetary policy. During the Year, an impairment loss of approximately HK$430,573,000 (2017: approximately HK$58,754,000) were made on certain particular clients with margin loans shortfall on a prudent basis after reviewing their margin accounts portfolio and financial positions.

Moving forward in 2018, the Hong Kong economy and stock market are likely to continue to benefit from the cross-border stock connect schemes. There is also a huge potential of further increases in southbound funds. This will, in turn, help attract more funds to the Hong Kong market.

The opening of new hotels and diversification of casino operations helped the Macau gaming segment restore momentum. According to the Macau Government Tourism Office, visitor arrivals to the Territory from April 2017 to March 2018 reached 33,283,758, representing an increase of 6.1% over the same period in 2017. The Group's hotel and gaming operations recorded satisfactory results.

Securities Brokerage, Underwriting and Placements

Securities brokerage, underwriting and placement services is one of the main sources of income for the Group. The Group undertakes the origination, structuring and marketing of placements of equity and equity-related securities. It offers across-the-board solutions to clients' financing needs. The Group plays significant roles as placing agents and underwriters for a wide range of listed companies in different sectors.

The improving China's economy triggered recovery of corporate earnings, hence injected vitality to local stock market with significant growth in trading volume. In addition, the cross-border stock connect schemes have also attracted new funds from the mainland which further lifted the trading activities and aroused buoyant sentiment of the market. During the Year, the Group recorded a revenue in this segment of approximately HK$360,544,000 (2017: approximately HK$293,920,000), representing an increase of approximately 23% compared to the Previous Year, which also accounted for approximately 15% (2017: approximately 13%) of the Group's financial service segment revenue and approximately 12% (2017: approximately 10%) of the Group's total revenue.

Margin and IPO Financing

To complement the Group's securities brokerage services, the Group also provides margin and IPO financing services. Margin financing is made available to clients who have opened margin accounts with the Group to purchase securities with funds borrowed from it to leverage their investments. IPO financing is the grant of loans to clients for subscriptions of shares relating to an IPO.

Leveraging on the Group's compelling advantages from strong capital base and prudent risk management policies to credit control, the Group managed to achieve solid development in margin and IPO financing. During the Year, the Group continued its steady performance in the segment, with revenue amounted to approximately HK$1,964,949,000 (2017: approximately HK$1,879,222,000), representing a rise of approximately 5% as compared to the Previous Year, which also accounted for approximately 81% (2017: approximately 85%) of the Group's financial service segment revenue and approximately 63% (2017: approximately 66%) of the Group's total revenue. However, the stock market was volatile over the year, an impairment loss on advances to customers in margin financing of approximately HK$430,573,000 (2017: approximately HK$58,754,000) was made accordingly, which resulted in a drop of the net profit in this segment for the Year.

Other Financial Services — Corporate Finance Advisory Services, Futures Brokerage and Asset Management

Complementing the securities brokerage, underwriting and placements, and margin and IPO financing, the Group also provides a full range of financial services to its clients including corporate finance advisory services, futures brokerage and asset management.

The Group holds license under the Securities and Futures Ordinance to engage in advising on corporate finance activities. The scope of services provided includes advising on corporate finance transactions, sponsoring IPOs and advising clients on deal structure and financing strategies in the context of mergers and acquisitions, equity fund raising exercises, takeovers and other notifiable transactions.

The Group provides brokerage services for index futures trading on the Futures Exchange, including After Hours Futures Trading, clients can place orders online and through telephone.

The Group also provides portfolio management services. The asset management business generates revenue by charging management fees and incentive fees based on the amount of assets under management, and returns of portfolios, respectively.

Credit to the Group's professional team and favorable market condition, this segment recorded revenue of approximately HK$85,870,000 for the Year (2017: approximately HK$32,967,000), representing an increase of approximately 160% as compared to the Previous Year, which also accounted for approximately 4% (2017: approximately 2%) of the Group's financial service segment revenue and approximately 3% (2017: approximately 1%) of the Group's total revenue.

Goodwill Impairment Assessment

Goodwill has arisen upon the Group's acquisition of financial services business completed in April 2011. An independent professional valuer was engaged to perform impairment assessment on the goodwill. It was found that the recoverable amount of all 3 cash generating units, namely the Placing and Underwriting segment, the Margin and IPO Financing segment and the Corporate Finance segment, exceed their respective carrying amount. Under this circumstance, no impairment on the goodwill is considered necessary.

Hotel Business

In addition to operating finance business, the Group is also engaged in hotel business in Macau, which comprises of hotel room rental, food and beverage operation catering to international and local markets.

Benefit from the growth of the Macau tourism industry, revenue for the Year amounted to approximately HK$208,655,000 (2017: approximately HK$180,693,000), representing an increase of approximately 15% as compared to the Previous Year. Hotel business contributed approximately 31% (2017: approximately 27%) of the total hotel and gaming business revenue and approximately 7% (2017: approximately 6%) of the Group's total revenue.

Credit to our innovative marketing, promotional programs and excellent hospitality, the average occupancy rates of the two hotels, namely Casa Real and Grandview, were approximately 88% (2017: approximately 85%) and approximately 89% (2017: approximately 76%) during the Year.

Gaming Business

The Group's casino operation is run by the licence holder Sociedade de Jogos de Macau, S.A. During the Year, the two casinos consistently provided solid contributions to the Group.

Facing strong competition in the market, gaming revenue of the Group, amounted to approximately HK$473,528,000 for the Year, representing a decrease of approximately 4% as compared to approximately HK$492,095,000 of the Previous Year. Gaming revenue accounted for approximately 69% (2017: approximately 73%) of total hotel and gaming business revenue and approximately 15% (2017: approximately 17%) of the Group's total revenue.

As at 31 March 2018, the Group has 64 tables (2017: 64) in the mass market halls, 12 tables (2017: 12) in the VIP rooms and 277 slot machines (2017: 280) and 140 live baccarat machines (2017: 140) in the electronic gaming halls. Live baccarat machines brought additional crowd to the casino, achieving synergy with the slot machine business as well.

Other Income

Other income mainly represents handling charges received from securities clients, bad debts recovered and other miscellaneous income. The income increased by approximately 33% from approximately HK$29,743,000 for the Previous Year to approximately HK$39,647,000 for this Year. The increase was due to a compensation of approximately HK$9,774,000 received during the Year for loss on intangible assets of the Group.

Fair value (loss)/gain on held for trading investments

During the Year, the Hong Kong equity market experienced fluctuations. The market value of the held for trading investments held by the Group during the year recorded a fair value loss of approximately HK$12,331,000 (2017: fair value gain approximately HK$19,665,000). As at 31 March 2018, the Group was holding trading investments of approximately HK$192,805,000 (2017: approximately HK$134,955,000) in market value.

Inventory consumed

Inventory consumed represents the cost of guest supplies and food and beverage consumed upon provision of accommodation and catering services to the customers. During the Year, it amounted to approximately HK$22,167,000 (2017: approximately HK$21,871,000).

Staff costs

Staff costs amounted to approximately HK$264,966,000 (2017: approximately HK$274,407,000), representing a decrease of approximately 3%. The Group reviewed and adjusted compensation and benefits to employee regularly to match market rates. Packages commensurate with employees' qualifications and experience were provided to retain good employees in the Group as well as to hire potential talents.

Gaming commission

Gaming commission represents amount paid as an incentive to attract customers. The commission paid by the Group was in line with market level. The amount increased by approximately 1% from approximately HK$91,470,000 in the Previous Year to approximately HK$92,526,000 in the Year.

Broker Commission

Broker commission decreased slightly by approximately 4% from approximately HK$46,955,000 in the Previous Year to approximately HK$45,284,000 in the Year. The Group adjusted broker commission according to prevailing market conditions.

Interest expenses for securities brokerage, underwriting and placements, margin and IPO financing operations

The interest expenses increased from approximately HK$247,090,000 in the Previous Year to approximately HK$264,144,000 in the Year, representing an increase of approximately 7% as overall cost of funding of the Group increased during the Year.

Impairment loss on advances to customers in margin financing

Due to the volatility in the local stock market during the Year, impairment loss of approximately HK$430,573,000 (2017: approximately HK$58,754,000) were made on some particular clients with margin loans shortfall on a prudent basis after reviewing their margin accounts portfolio and financial positions.

Administrative expenses

Administrative expenses mainly represent rent and rates, legal and professional fees, leases expenses for intangible assets, advertising and Macau property tax. During the year, it amounted to approximately HK$125,654,000 (2017: approximately HK$110,856,000), representing an increase of approximately 13%. The increase was mainly due to more leases expenses for the 15 subsurface mineral leases as recorded under intangible assets of the Group.

Other operating expenses

Other operating expenses mainly represented operating expenses for gaming facilities, promotion expenses and other hotel rooms. During the Year, it amounted to approximately HK$138,105,000 (2017: approximately HK$153,619,000) representing approximately a 10% decrease. The decrease was mainly owing to less promotion expenses for VIP room. This was in line with the drop in revenue from gaming segment due to strong competition in the industry.

Finance cost

During the Year, finance cost of approximately HK$30,300,000 (2017: approximately HK$20,200,000) represented the interest expenses on the amount due to a shareholder. Overall cost of funding of the Group increased during the year.

Amortisation

The amount of approximately HK$14,132,000 (2017: approximately HK$14,132,000) for the Year represented the amortisation expenses of the intangible assets which has been amortised on a straight-line basis over its estimated useful life of 24 years.

FUTURE PROSPECTS

Financial service segments

As the world's largest emerging economy, China's overall development trend remains strong. Looking ahead, the Belt and Road Initiative and the Guangdong-Hong Kong-Macao Greater Bay Area will further strengthen the position of Hong Kong as a foreign investment gateway of China. According to the outlook report issued by major banks, economists are generally optimistic about the acceleration of global economic growth in 2018, and predict that the average growth rate will reach 4.1% this year. The strong economic performance of 2017 is expected to continue and stimulate growth in global equity markets.

The Hong Kong Government and regulatory authorities continue to strengthen local financial market development through a variety of means. Hong Kong Exchanges and Clearing Limited officially accepts listed applications for weighted voting rights while Hong Kong stocks increase their daily quota. The Hong Kong Monetary Authority and the People's Bank of China are also working closely together to carry out the 'northbound trading' of the Bond Connect scheme for one year. Trading volume and number of participating institutions have gradually increased, becoming an important channel for foreign institutions to invest in the mainland bond market, and hence actively fueled the growth of local brokers.

During five of the past nine years, the amount of Hong Kong's initial public offerings has ranked first in the world, indicating that it has always been the ideal platform for international listings by many enterprises. By virtue of its capital markets advantages, Hong Kong can provide domestic enterprises with comprehensive financing options, thereby consolidating itself as a leading international financial centre.

In the future, the Group will strive to enhance its visibility in Hong Kong's capital markets as well as in mainland China and we will continue to expand our business scope. At the same time, the Group will make good use of its resources and take the opportunity to promote business expansion to a higher level.

Hotel and gaming segments

The Macau gaming market will continue to benefit from China's strong economy with more new resorts openings and upgrade of existing facilities. The opening of the Hong Kong-Zhuhai-Macao Bridge in 2018 will allow convenient travel to Macau which will bolster its tourism market. To this end, gaming operators have also been vigorously developing non-gaming businesses such as constructing scalable hotels as well as entertainment and leisure facilities to attract tourists. In addition, the Macau government has set up new financial reporting standards to enhance transparency, providing international markets with a better understanding of its gaming industry.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

As at 31 March 2018 the shareholders' fund and net current assets of the Group amounted to approximately HK$20,623,754,000 (2017: approximately HK$19,581,267,000) and approximately HK$7,350,416,000 (2017: approximately HK$6,928,355,000) respectively. On the same date, the Group had cash and bank balance of approximately HK$395,793,000 (2017: approximately HK$304,762,000) and the current ratio was approximately 1.5 (2017: approximately 1.4).

As at 31 March 2018, the Group had bank borrowings of approximately HK$2,350,000,000 (2017: approximately HK$3,235,834,000), amounts due to shareholders of approximately HK$4,219,911,000 (2017: approximately HK$2,311,911,000), loan from a related company of approximately HK$7,142,999,000 (2017: approximately HK$7,948,861,000) and subordinated loans of approximately HK$700,000,000 (2017: approximately HK$700,000,000). On the same date, the net gearing ratio, measured on the basis of total borrowings less bank and cash balances over net assets, was approximately 68% (2017: approximately 71%).

The following table details the Cash and bank balances — general account and bank loan of the Group at the end of the reporting period denominated in original currencies:

				2018				
	HKD	**CNY**	**USD**	**JPY**	**SGD**	**GBP**	**AUD**	**MOP**
	('000)	***('000)***	***('000)***	***('000)***	***('000)***	***('000)***	***('000)***	***('000)***
Cash and bank balances — general account	**358,473**	**3,040**	**356**	**–**	**118**	**7**	**31**	**28,626**
Bank loan	**2,350,000**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

				2017				
	HKD	CNY	USD	JPY	SGD	GBP	AUD	MOP
	('000)	*('000)*	*('000)*	*('000)*	*('000)*	*('000)*	*('000)*	*('000)*
Cash and bank balances — general account	293,662	2,750	10	–	109	8	9	7,003
Bank loan	3,235,834	–	–	–	–	–	–	–

CONTINGENT LIABILITIES

Details of contingent liabilities of the Group as at 31 March 2018 are set out in note 17 to the financial statements in this announcement.

CAPITAL STRUCTURE

During the Year, no material fluctuation was noted on the Company's capital structure.

CAPITAL COMMITMENTS

At 31 March 2018, the Group had capital commitments of approximately HK$630,000 (2017: approximately HK$1,335,000) in respect of acquisition of plant and equipment.

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK2 cents (2017: HK2.5 cents) per Share for the year ended 31 March 2018 ("Final Dividend"), amounting to approximately HK$347,290,000 (2017: approximately HK$434,113,000). The proposed Final Dividend is subject to approval by the Shareholders at the AGM and a resolution will be proposed to the Shareholders for voting at the AGM. If the resolution for the proposed Final Dividend is passed at the AGM, the proposed Final Dividend is expected to be paid on 12 September 2018 to the Shareholders whose names appear on the register of members of the Company on 30 August 2018.

CLOSURE OF REGISTER OF MEMBERS

For ascertaining shareholders' right to attend and vote at AGM

Latest time to lodge transfers	4:30 p.m. on 15 August 2018 (Wednesday)
Latest time to lodge proxy form	11:00 a.m. on 19 August 2018 (Sunday)
Book close date	16 August 2018 (Thursday) to 21 August 2018 (Tuesday)
Record date	21 August 2018 (Tuesday)
AGM	21 August 2018 (Tuesday)

For ascertaining shareholders' entitlement to the proposed Final Dividend

Latest time to lodge transfers	4:30 p.m. on 28 August 2018 (Tuesday)
Book close date	29 August 2018 (Wednesday) to 30 August 2018 (Thursday)
Record date	30 August 2018 (Thursday)
Final Dividend expected payment date	12 September 2018 (Wednesday)

In order to qualify for the right to attend and vote at the AGM and for the proposed Final Dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Abacus Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong before the above latest time to lodge transfers.

EMPLOYEES

As at 31 March 2018, the Group employed a total of approximately 885 (2017: approximately 884) staff. The total staff cost for the Year was approximately HK$264,966,000 (2017: approximately HK$274,407,000). The employees' remuneration, promotion and salary adjustment are assessed based on their work performance, working and professional experiences and the prevailing market condition.

PLEDGE OF ASSETS

As at 31 March 2018, the Group had pledged clients' securities at a value of approximately HK$7,259,478,000 (2017: approximately HK$6,414,393,000), a bond at a value of approximately HK$44,183,000 (2017: approximately HK$46,512,000) and certificates of deposit at a value of approximately HK$47,950,000 (2017: approximately HK$48,470,000) to secure certain banking facilities provided to the Group.

In addition, the Group's term loans are secured by:

— the pledge of leasehold land and buildings held for own use with carrying amounts of approximately HK$2,200,000,000 (2017: approximately HK$2,140,000,000);

— shares of two subsidiaries;

— corporate guarantee from a subsidiary;

— a charge over operating bank accounts of two subsidiaries;

— assignment of income and receivables arising from commercial operations of two subsidiaries.

MATERIAL ACQUISITIONS AND DISPOSALS

There was no material acquisition nor disposal conducted by the Group during the Year.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risk and uncertainty facing the Group is the market economy of China, Hong Kong and the surrounding regions as significant changes in their economic conditions will have significant impact on China and Hong Kong's stock market, as well as Macau's tourism.

Other risks include credit risks, market risks, liquidity risks and interest rate risks. The Group has been adopting prudent risk management policy to mitigate exposure to various risks.

RISK MANAGEMENT

Credit risk

The Group's Risk Management Committee has put in place credit management policies and procedures which cover the examination of the approval of clients' trading and credit limits, approval and review of the margin lending ratio of individual stock, monitoring of credit exposures and the follow up of credit risks associated with overdue debts. Day-to-day credit monitoring is performed by the Group's Credit and Risk Control Department in accordance with the policies and procedures approved by the Risk Management Committee with toleration and exception reports reviewed by Responsible Officers and senior management of the Group as well as by the Risk Management Committee at regular meetings.

Market risk

If the market value of a margin client's portfolio falls below his margin loan amount and the margin client fails to meet margin calls, the Group will be exposed to the risk that the margin loan being delinquent. Similarly, if the value of the underlying products of a client's futures contract fluctuates such that the outstanding balances in his account falls below the required maintenance margin level, the Group may suffer loss if the client's account incurs loss even after liquidation of the open position. The management of the Group keeps close monitoring of the market condition so that immediate precautionary measures will be taken to reduce such risk that the Group may encounter. Follow up actions such as reducing the margin ratio for the pledged securities and requiring clients to top up their position would be taken if considered appropriate.

Liquidity risk

As part of its ordinary brokerage activities, the Group is exposed to liquidity risk arising from timing difference between settlement with clearing houses or brokers and clients. The goal of liquidity management is to enable the Group to adequately fund such business commitments as well as to comply with relevant financial resources rules applying to various licensed subsidiaries. To address the risk, the Group's Accounts Department and the senior management will review and monitor the Group's liquidity position on daily basis to ensure the availability of sufficient liquid funds. In addition, the Group has also put in place stand-by banking and other facilities in order to meet any contingency in its operations. The management believes the Group's working capital is adequate to meet its financial obligations.

Interest rate risk

The Group charged interest on its margin clients on the basis of its cost of fund plus mark-up. Financial assets such as margin loans and deposit with banks are primarily at floating rates. Financial liabilities such as bank loans are primarily at floating rates. The Group income and operating cash flows are not subject to significant interest rate risk.

FOREIGN CURRENCY EXPOSURE

As the Group's hotel revenues are mostly denominated in Macau Patacas ("MOP"), and given the exchange rate of MOP has been fairly stable, its exposure to exchange rate risk is considered to be limited.

The Group's financial services businesses and gaming revenue are mainly denominated in Hong Kong Dollars and hence no significant exchange rate risk is identified.

TREASURY POLICY

The Group may invest its surplus funds or funds not designated for specific purpose or funds designated for specific purpose but application of which is not immediately required (collectively "the Group's Funds") in the form of short term (i.e. less than one year) and liquid stocks through investing the Group's Funds in diversified portfolio of investments products including listed or unlisted securities, unit trust funds, or such other investments as the Board of the Company, or such committees or person as the Board may authorize, may decide from time to time so as to preserve the value of the Group's Funds and/or achieve capital appreciation.

REVIEW BY AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") meets the external auditors at least twice a year to discuss any areas of concerns during the audits. The Audit Committee reviews the interim and annual reports before submission to the Board. The Audit Committee focuses not only on the impact of the changes in accounting policies and practices but also on the compliance with accounting standards, the Rules Governing the Listing of Securities (the "Listing Rules") and the legal requirements in the review of the Company interim and annual reports. The Group's annual results for the year ended 31 March 2018 have been reviewed by the Audit Committee.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 March 2018, there were no purchases, sales or redemption of the Company's listed securities by the Company or any of its subsidiaries.

CORPORATE GOVERNANCE

The Group had complied with all code provisions set out in the Corporate Governance Code (the "Code") contained in Appendix 14 of the Listing Rules on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") during the year ended 31 March 2018.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors by Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules. Upon enquiry by the Company, all directors of the Company have confirmed that they have complied with the required standards set out in the Model Code during the year ended 31 March 2018.

PUBLICATION OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE

The Company's 2018 annual report, as well as the announcement of annual results, containing the relevant information required by the Listing Rules will be published on the website of the Stock Exchange (http://www.hkexnews.hk) and the Company's website (http://www.kingston.com.hk) in due course.

By order of the Board
Kingston Financial Group Limited
Chu, Nicholas Yuk-yui
Chairman

Hong Kong, 28 June 2018

As at the date of this announcement, the executive Directors of the Company are Mr. Chu, Nicholas Yuk-yui (Chairman), Mrs. Chu Yuet Wah (Chief Executive Officer), Mr. Chu, Kingston Chun Ho and Mr. Ho Chi Ho and the independent non-executive Directors are Dr. Wong Yun Kuen, Mr. Lau Man Tak and Ms. Lo, Miu Sheung Betty.