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 2019

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 2019 as follows:

FINANCIAL HIGHLIGHTS

- Revenue for the year ended 31 March 2019 (the "Year") was approximately HK$3,039,228,000, representing a decrease of approximately 2% from approximately HK$3,093,546,000 for the year ended 31 March 2018 (the "Previous Year").

- Profit attributable to owners of the Company for the Year was approximately HK$1,001,927,000, representing a decrease of approximately 26% from approximately HK$1,348,626,000 for the Previous Year. The year-on-year decrease was primarily attributable to a one-time write off of the Group's intangible assets amounted to approximately HK$266,157,000 relating to cancellation of the mineral leases, which were non-core assets of the Group.

- Earnings per share for the Year was approximately HK5.77 cents, representing a decrease of approximately 26% from approximately HK7.77 cents for the Previous Year.

- The Board has recommended the payment of a final dividend of HK1.5 cents per share (Previous Year: HK2 cents per share).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 March 2019

	Notes	2019 *HK$'000*	2018 *HK$'000*
Revenue	*4*	**3,039,228**	3,093,546
Other income		**25,603**	39,647
		3,064,831	3,133,193
Inventory consumed		**(23,068)**	(22,167)
Staff costs		**(253,327)**	(264,966)
Gaming commission		**(94,010)**	(92,526)
Broker commission		**(20,096)**	(45,284)
Interest expenses for securities brokerage, underwriting and placements, margin and IPO financing operations		**(316,910)**	(264,144)
Depreciation		**(103,071)**	(105,457)
Impairment loss on advances to customers in margin financing		**(479,411)**	(430,573)
Written-off of intangible assets		**(266,157)**	–
Administrative expenses		**(112,638)**	(125,654)
Other operating expenses		**(129,106)**	(138,105)
		(1,797,794)	(1,488,876)
Finance income		**21,803**	14,972
Finance cost	*6*	**(32,760)**	(30,300)
Fair value loss on held for trading investments		**–**	(12,331)
Fair value loss on financial assets at fair value through profit or loss		**(26,116)**	–
Exchange gain		**700**	4,579
Amortisation	*14*	**–**	(14,132)
		(36,373)	(37,212)
Profit before taxation	*8*	**1,230,664**	1,607,105
Taxation	*7*	**(220,744)**	(252,744)
Profit for the year		**1,009,920**	1,354,361

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

For the year ended 31 March 2019

	Notes	**2019**	2018
		HK$'000	*HK$'000*
Profit for the year		**1,009,920**	1,354,361
Other comprehensive income	*11*		
Item that will not be reclassified to profit or loss:			
Surplus on revaluation of leasehold land and buildings		**254,560**	128,099
Item that may be reclassified subsequently to profit or loss:			
Change in fair value of financial assets at fair value through other comprehensive income		**(270)**	–
Unrealised loss arising from change in fair value of available-for-sale investments		**–**	(138)
Other comprehensive income for the year, net of tax		**254,290**	127,961
Total comprehensive income for the year		**1,264,210**	1,482,322
Profit for the year attributable to:			
Owners of the Company		**1,001,927**	1,348,626
Non-controlling interests		**7,993**	5,735
		1,009,920	1,354,361
Total comprehensive income attributable to:			
Owners of the Company		**1,256,217**	1,476,587
Non-controlling interests		**7,993**	5,735
		1,264,210	1,482,322
Earnings per share (cents per share)	*10*		
— Basic		**5.77**	7.77
— Diluted		**5.77**	7.77

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment		**3,043,862**	2,848,724
Statutory deposit for financial services business		**4,072**	10,281
Goodwill		**10,996,683**	10,996,683
Intangible assets	*14*	**–**	266,157
		14,044,617	14,121,845
Current assets			
Inventories		**2,488**	2,390
Available-for-sale investments		**–**	410
Financial assets at fair value through other comprehensive income		**140**	–
Held for trading investments		**–**	192,805
Financial assets at fair value through profit or loss		**168,366**	–
Advances to customers in margin financing	*12*	**18,252,042**	20,582,355
Trade and other receivables	*13*	**212,979**	152,521
Tax recoverable		**154,012**	97,175
Cash and bank balances — held on behalf of customers		**1,371,749**	2,049,601
Cash and bank balances — general accounts		**1,086,523**	395,793
		21,248,299	23,473,050
Current liabilities			
Trade and other payables	*15*	**1,657,540**	2,284,507
Amounts due to shareholders		**4,662,264**	4,219,911
Loan from a related company		**4,033,342**	7,142,999
Subordinated loans		**700,000**	700,000
Bank loans	*16*	**1,420,000**	1,710,000
Tax payable		**52,495**	65,217
		12,525,641	16,122,634
Net current assets		**8,722,658**	7,350,416
Total assets less current liabilities		**22,767,275**	21,472,261

CONSOLIDATED STATEMENT OF FINANCIAL POSITION — CONTINUED
As at 31 March 2019

	Note	**2019** **HK$'000**	2018 *HK$'000*
Non-current liabilities			
Bank loans	*16*	**1,000,000**	640,000
Deferred tax liabilities		**221,635**	192,901
Total non-current liabilities		**1,221,635**	832,901
Total liabilities		**13,747,276**	16,955,535
Net assets		**21,545,640**	20,639,360
Capital and reserves			
Share capital — ordinary shares		**272,290**	272,290
Share capital — non-redeemable convertible preference shares		**75,000**	75,000
Reserves		**21,174,751**	20,276,464
Total equity attributable to owners of the Company		**21,522,041**	20,623,754
Non-controlling interests		**23,599**	15,606
Total equity		**21,545,640**	20,639,360

SCOPE OF WORKS OF 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 2019 as set out in this announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by 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 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 72/F, The Center, 99 Queen's Road Central, 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 2018.

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

3.1 Adoption of new/revised HKFRSs — effective 1 April 2018

Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to HKFRS 1, First time adoption of Hong Kong Financial Reporting Standards
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendment to HKFRS 15	Revenue from Contracts with Customers (Clarification to HKFRS 15)
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration

Other than as noted below, the adoption of the new HKFRSs and amendments to HKFRSs has no material impact on the Group's financial statement.

3.1.1 HKFRS 9 — Financial Instruments ("HKFRS 9")

(i) Classification and measurement of financial instruments

HKFRS 9 replaces HKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 April 2018, bringing together all three aspects of the accounting for financial instruments: (1) classification and measurement; (2) impairment and (3) hedge accounting. The adoption of HKFRS 9 from 1 April 2018 has resulted in changes in accounting policies of the Group and the amounts recognised in the consolidated financial statements.

The following tables summarised the impact, net of tax, of transition to HKFRS 9 on the opening balance of reserves and retained earnings as of 1 April 2018 as follows (increase/(decrease)):

	HK$'000
Retained earnings	
Retained earnings as at 31 March 2018	7,142,450
Increase in expected credit losses ("ECLs") in trade and other receivables and advances to customers in margin financing *(Note 3.1.1(ii) below)*	(10,640)
Restated retained earnings as at 1 April 2018	7,131,810
Available-for-sale financial asset reserve	
Reserve balance at 31 March 2018	1,322
Reclassify investments from available-for-sale at fair value to FVOCI *(Note 3.1.1(i)(a) below)*	(1,322)
Restated reserve balance as at 1 April 2018	–
FVOCI reserve	
Reserve balance at 31 March 2018	–
Reclassify investments from available-for-sale at fair value to FVOCI *(Note 3.1.1(i)(a) below)*	1,322
Restated reserve balance as at 1 April 2018	1,322

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. However, it eliminates the previous HKAS 39 categories for financial assets of held to maturity financial assets, loans and receivables and available-for-sale financial assets. The adoption of HKFRS 9 has no material impact on the Group's accounting policies related to financial liabilities and derivative financial instruments. The impact of HKFRS 9 on the Group's classification and measurement of financial assets is set out below.

Under HKFRS 9, except for certain trade receivables (that the trade receivables do not contain a significant financing component in accordance with HKFRS 15), an entity shall, at initial recognition, measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs. A financial asset is classified as: (i) financial assets at amortised cost ("amortised costs"); (ii) financial assets at fair value through other comprehensive income ("FVOCI"); or (iii) FVTPL (as defined in above). The classification of financial assets under HKFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed and (ii) its contractual cash flow characteristics (the "solely payments of principal and interest" criterion, also known as "SPPI criterion"). Under HKFRS 9, embedded derivatives is no longer required to be separated from a host financial asset. Instead, the hybrid financial instrument is assessed as a whole for the classification.

A financial asset is measured at amortised cost only if meets both of the following conditions are met and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

A debt investment is measured at FVOCI if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to achieved by both collecting contractual cash flows and selling financial assets; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. All other financial assets not classified at amortised cost or FVOCI as described above are classified as FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The following table summarises the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 April 2018:

Financial assets	**Original classification under HKAS 39**	**New classification under HKFRS 9**	**Carrying amount as at 1 April 2018 under HKAS 39** *HK$*	**Carrying amount as at 1 April 2018 under HKFRS 9** *HK$*
Held for trading investments	FVTPL	FVTPL	192,805	192,805
Available-for-sale investments	Available-for-sale (at fair value) 3.1.1(i)(a)	FVOCI	410	410
Advances to customers in margin financing	Loans and receivables 3.1.1(ii)(b)	Amortised cost	20,582,355	20,572,492
Trade and other receivables	Loans and receivables 3.1.1(ii)(a)	Amortised cost	152,521	151,744
Cash and bank balances — held on behalf of customers	Loans and receivables	Amortised cost	2,049,601	2,049,601
Cash and bank balances — general accounts	Loans and receivables	Amortised cost	395,793	395,793

(a) As of 1 April 2018, certain equity investments were reclassified from available-for-sale investments at fair value to FVOCI. The Group intends to hold these equity investments for long term strategic purposes. In addition, the Group has designated such equity investments at the date of initial application as measured at FVOCI. As at 1 April 2018, there is no difference between the previous carrying amount and fair value.

(ii) Impairment of financial assets

The adoption of HKFRS 9 has changed the Group's impairment model by replacing the HKAS 39 "incurred loss model" to the ECLs model. HKFRS 9 requires the Group to recognised ECL for trade receivables and financial assets at amortised costs earlier than HKAS 39. Cash and cash equivalents are subject to ECL model but the impairment is immaterial for the current period.

Under HKFRS 9, the losses allowances are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date: and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Measurement of ECLs

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for trade using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other financial assets measured at amortised cost, the ECLs are based on the 12 months ECL. The 12 months ECL is the portion of the lifetime ECL that results from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group considers a financial asset to be in default when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 180 days past due. The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

Presentation of ECLs

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impact of the ECL model

(a) Impairment of trade receivables

As mentioned above, the Group applies the HKFRS 9 simplified approach to measure ECLs which adopts a life time ECLs for all trade receivables. To measure the ECLs, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due.

The increase in loss allowance for trade receivables upon the transition to HKFRS 9 as of 1 April 2018 were approximately HK$487,000. The loss allowances increased for HK$226,000 for trade receivables during the year ended 31 March 2019.

The loss allowance for trade receivables as at 1 April 2018 was determined as follows:

1 April 2018	**Current**	**0–30 days past due**	**31–90 days past due**	**91–180 days past due**	**Over 180 days past due**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Expected credit loss rate	0.51%	0.51%	1–3%	10–30%	70–100%	
Gross carrying amount	36,370	44,644	11,396	–	26,549	118,959
Loss allowance	(185)	(228)	(59)	–	(23,399)	(23,871)

(b) Impairment of other receivables

Other receivables are considered to have low credit risk. The increase in loss allowance for other receivables upon the transition to HKFRS 9 as of 1 April 2018 was HK$290,000. No further loss allowances recognised for other receivables during the year ended 31 March 2019.

(c) Impairment of advances to customers in margin financing

The balances of advances to customers in margin financing in which a loss allowance of approximately HK$9,863,000 is recognised for advances to customers in margin financing upon the transition to HKFRS 9 as of 1 April 2018. The loss allowances further increased for HK$479,411,000 for advances to customers in margin financing during the year ended 31 March 2019.

(iii) Transition

The Group has applied the transitional provision in HKFRS 9 such that HKFRS 9 was generally adopted without restating comparative information. The reclassifications and the adjustments arising from the new ECLs rules are therefore not reflected in the statement of financial position as at 31 March 2018, but are recognised in the statement of financial position on 1 April 2018. This mean that differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9 are recognised in retained earnings and reserves as at 1 April 2018. Accordingly, the information presented for 2018 does not reflect the requirements of HKFRS 9 but rather those of HKAS 39.

3.1.2 HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15")

HKFRS 15 supersedes HKAS 11 "Construction Contracts", HKAS 18 "Revenue and related interpretations". HKFRS 15 has established a five- steps model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at the amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Timing of revenue recognition

Revenues are recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may be transferred over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

— provides all of the benefits received and consumed simultaneously by the customer;

— creates and enhances an asset that the customer controls as the Group performs; or

— do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset. The progress towards complete satisfaction of the performance obligation is measured based on one of the following methods that best depict the Group's performance in satisfying the performance obligation:

— direct measurements of the value transferred by the Group to the customer; or

— the Group's efforts or inputs to the satisfaction of the performance obligation.

Incremental costs incurred directly attributable to obtain a contract, if recoverable, are capitalised as contract assets and subsequently amortised when the related revenue is recognised.

HKFRS 15 requires an entity to adjust the transaction price for the time value of money when a contract contains a significant financing component, regardless of whether the payments from customers are received significantly in advance of revenue recognition or significantly deferred.

The Group has reassessed its business model and contract terms to assess the effects of applying the new standard on the Group's financial statements. The management of the Company considered that HKFRS 15 did not result in significant impact on the Group's accounting policies.

The Group has adopted HKFRS 15 using the cumulative effect method without practical expedients. The Group has recognised the cumulative effect of initially applying HKFRS 15 as an adjustment to the opening balance of retained profits at the date of initial application (that is, 1 April 2018). As a result, the financial information presented for 2018 has not been restated.

3.2 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.

HKFRS 16	Leases[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[1]
HKAS 1 (Revised)	Presentation of Financial Statements[2]
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors[2]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKFRS 3, Business Combinations[1]
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKAS 12, Income Taxes[1]
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKAS 23, Borrowing Costs[1]

The Group is in the process of making an assessment of what the impact of these new or revised HKFRSs is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which are likely to have significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below.

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.

As at 31 March 2019, the Group has non-cancellable operating lease commitments of approximately HK$105,494,000. The Group will adopt HKFRS 16 from 1 April 2019. The Group plans to adopt the transitional provisions in HKFRS 16 to recognise the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 April 2019 and will not restate the comparatives. In addition, the Group plans to apply the new requirements to contracts that were previously identified as leases applying HKAS 17 and measure the lease liability at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the date of initial application. The right-of-use asset will be measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognized in the statement of financial position immediately before the date of initial application. The Group has estimated that right-of-use assets of approximately HK$96,886,421 and lease liabilities of HK$96,886,421 will be recognised at 1 April 2019.

Except for 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

	2019	2018
	HK$'000	*HK$'000*
Financial services business		
— securities brokerage, underwriting and placements	**152,056**	360,544
— margin and IPO financing	**2,168,514**	1,964,949
— other financial services	**44,498**	85,870
Hotels and gaming business		
— room rental	**176,108**	168,695
— food and beverage	**27,730**	27,232
— gaming revenue	**457,795**	473,528
— other rental income	**12,527**	12,728
	3,039,228	3,093,546

Disaggregation of the Group's revenue from major products or service lines:

	2019	2018
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
— securities brokerage, underwriting and placements	**152,056**	360,544
— other financial services	**44,498**	85,870
— room and other rental income	**188,635**	181,423
— food and beverage	**27,730**	27,232
— gaming revenue	**457,795**	473,528
	870,714	1,128,597
Revenue from other sources		
— margin and IPO financing	**2,168,514**	1,964,949
Total revenue	**3,039,228**	3,093,546
Timing of revenue recognition from contracts with customers		
— At a point in time	**179,786**	387,776
— Transferred over time	**690,928**	740,821
	870,714	1,128,597

5. SEGMENTAL INFORMATION

For management purposes, the Group is organised into business units based on their services, and has seven (31 March 2018: 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 years ended 31 March 2019 and 2018, respectively.

For the year ended 31 March 2019

	Securities brokerage, underwriting and placements	Margin and IPO financing	Other financial services	Financial services business	Hotel ownership and management	Food and beverage	Gaming	Securities investment	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment Revenue									
External customers	**152,056**	**2,168,514**	**44,498**	**2,365,068**	**188,635**	**27,730**	**457,795**	**–**	**3,039,228**
Inter-segment	**–**	**–**	**–**	**–**	**58,610**	**–**	**8,708**	**–**	**67,318**
	152,056	**2,168,514**	**44,498**	**2,365,068**	**247,245**	**27,730**	**466,503**	**–**	**3,106,546**
Adjusted EBITDA	**143,133**	**1,283,961**	**27,220**	**1,454,314**	**129,522**	**(9,761)**	**167,376**	**(25,450)**	**1,716,001**
Segment Assets				**31,453,765**	**2,665,076**	**415,664**	**547,308**	**168,366**	**35,250,179**
Capital expenditure				**–**	**3,405**	**532**	**5,000**	**–**	**8,937**
Segment Liabilities				**9,006,639**	**242,053**	**10,478**	**68,052**	**–**	**9,327,222**

For the year ended 31 March 2018

	Securities brokerage, underwriting and placements	Margin and IPO financing	Other financial services	Financial services business	Hotel ownership and management	Food and beverage	Gaming	Securities investment	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*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

Reconciliations of segment revenues, adjusted EBITDA, assets and liabilities

	2019 *HK$'000*	2018 *HK$'000*
Segment revenue	**3,106,546**	3,158,722
Elimination of inter-segment revenue	**(67,318)**	(65,176)
Consolidated revenue	**3,039,228**	3,093,546
Adjusted EBITDA	**1,716,001**	1,855,454
Other income	**4,846**	14,085
Interest income	**2,615**	686
Exchange gain	**699**	4,579
Corporate staff cost	**(17,353)**	(30,296)
Corporate overhead	**(74,156)**	(87,514)
Depreciation	**(103,071)**	(105,457)
Amortisation	**–**	(14,132)
Written-off of intangible assets	**(266,157)**	–
Finance cost	**(32,760)**	(30,300)
Taxation	**(220,744)**	(252,744)
Profit for the year	**1,009,920**	1,354,361
Segment assets	**35,250,179**	37,289,633
Intangible assets	**–**	266,157
Available-for-sale investments	**–**	410
Financial assets at fair value through other comprehensive income	**140**	–
Unallocated corporate assets	**42,597**	38,695
Total assets	**35,292,916**	37,594,895
Segment liabilities	**9,327,222**	12,987,764
Unallocated amounts due to shareholders	**4,372,264**	3,929,911
Unallocated corporate liabilities	**47,790**	37,860
Total liabilities	**13,747,276**	16,955,535

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, financial assets at fair value through other comprehensive income 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 other than financial instruments by geographical location of the assets are detailed below:

	2019	2018
	HK$'000	*HK$'000*
Hong Kong	**10,997,389**	10,998,772
Macau	**3,043,156**	2,846,635
Canada	**–**	266,157
Total non-current assets *(Note)*	**14,040,545**	14,111,564

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:

	2019	2018
	HK$'000	*HK$'000*
SJM *(Note)*	**457,795**	473,528

Note: Revenue from gaming segment

6. FINANCE COST

	2019	2018
	HK$'000	*HK$'000*
Interest on amount due to a shareholder	**32,760**	30,300

7. TAXATION

	2019	2018
	HK$'000	*HK$'000*
Current tax:		
Hong Kong profits tax	**239,473**	258,027
Macau complementary tax	**3,541**	2,450
Over-provision in respect of prior years	**(16,291)**	(2,305)
Deferred tax	**(5,979)**	(5,428)
	220,744	252,744

(a) Hong Kong profits tax has been provided for the year ended 31 March 2019 at a rate of 16.5% (2018: 16.5%).

(b) Macau Complementary Tax has been provided for the year ended 31 March 2019 at a rate of 12% (2018:12%). Regarding the Group's two wholly owned subsidiaries, Good Start Group Limited and Target All Investments Limited received tax notices issued by Macau Financial Services Bureau as set out in Note 17, no respective tax provision has been made for previous and current years. The tax payment was included in tax recoverable.

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

8. PROFIT BEFORE TAXATION

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

	2019	2018
	HK$'000	*HK$'000*
Auditor's remuneration	**2,500**	2,290
Marketing, advertising and promotion expenses	**76,685**	80,259
Operating lease charges	**35,470**	30,987
Impairment loss on trade and other receivables	**226**	–

9. DIVIDEND

No interim dividend was declared for the six months ended 30 September 2018 and 2017.

The Board has recommended the payment of final dividend of HK1.5 cents per share for the year ended 31 March 2019 (2018: HK2 cents per share).

10. EARNINGS PER SHARE

	2019	2018
	HK cent	*HK cent*
Basic earnings per share	**5.77**	7.77
Diluted earnings per share	**5.77**	7.77

(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:

	2019	2018
	HK$'000	*HK$'000*
Profit for the purpose of basic earnings per share	**1,001,927**	1,348,626

	2019	2018
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 years ended 31 March 2019 and 2018.

11. OTHER COMPREHENSIVE INCOME

	2019			2018		
	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	**289,273**	**(34,713)**	**254,560**	145,567	(17,468)	128,099
Change in fair value of financial assets at fair value through other comprehensive income	**(270)**	**–**	**(270)**	–	–	–
Unrealised loss arising from change in fair value of available-for-sale investments	**–**	**–**	**–**	(138)	–	(138)
Other comprehensive income	**289,003**	**(34,713)**	**254,290**	145,429	(17,468)	127,961

12. ADVANCES TO CUSTOMERS IN MARGIN FINANCING

	2019	2018
	HK$'000	*HK$'000*
Directors of subsidiaries and their associates	**85**	117,442
Other margin financing customers	**19,237,718**	20,961,400
Less: Allowance for doubtful debt	**(985,761)**	(496,487)
	18,252,042	20,582,355

The movements in the expected credit loss on advances to customers in margin financing under HKFRS 9, are as follows:

	2019
	HK$'000
At the beginning of the year	**496,487**
Impact of initial application of HKFRS 9	**9,863**
Impairment loss recognised	**479,411**
At the end of the year	**985,761**

The movements in impairment loss on advances to customers in margin financing under HKAS 39, all assessed individually, are as follows:

	2018
	HK$'000
At the beginning of the year	66,749
Impairment loss recognised	430,573
Impairment loss reversed	(835)
At the end of the year	496,487

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.

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

	2019	2018
	HK$'000	*HK$'000*
Trade receivables from financial services segments	**80,039**	36,370
Trade receivables from hotel and gaming segments	**64,027**	59,205
Other receivables, deposits and prepayments	**68,913**	56,946
	212,979	152,521

Trade receivables from financial services segments

	2019	2018
	HK$'000	*HK$'000*
Accounts receivable arising from the ordinary course of business of dealing in securities:		
Cash clients	**4,913**	9,959
Clearing House	**62,315**	7,839
Brokers and dealers	**638**	673
Accounts receivable arising from the ordinary course of business of dealing in futures contracts:		
Clearing house	**7,754**	10,571
Accounts receivable arising from the ordinary course of business in the provision of:		
Corporate finance advisory services	**4,830**	7,328
Total	**80,450**	36,370
Less: Allowance for doubtful debt	**(411)**	–
	80,039	36,370

The movements in the expected credit loss on trade receivables of the financial services segments under HKFRS 9 are as follows:

	2019
	HK$'000
At beginning of the year	**–**
Impact of initial application of HKFRS 9	**185**
Impairment loss recognised	**226**
	411

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:

	2019	2018
	HK$'000	*HK$'000*
0–30 days	**59,931**	44,644
31–60 days	**1,852**	11,321
61–90 days	**75**	75
Over 90 days	**25,855**	26,549
	87,713	82,589
Allowance for doubtful debt	**(23,686)**	(23,384)
	64,027	59,205

The movements in expected credit loss on trade receivables of the hotel and gaming segments under HKFRS 9 are as follows:

	2019
	HK$'000
At beginning of the year	**23,384**
Impact of initial application of HKFRS 9	**302**
At the end of the year	**23,686**

The movements of impairment loss on trade receivables of hotel and gaming segments under HKAS 39, all assessed individually, are as follows:

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

The following is an ageing analysis of trade receivables by due date as at 31 March 2018 under HKAS 39:

	2018
	HK$'000
Neither past due nor impaired	44,644
Past due but not impaired:	
Less than 1 month past due	11,321
1 to 3 months past due	75
Over 3 months past due	3,165
	14,561
	59,205

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.

Other Receivables, deposits and prepayments

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.

The movements in the expected credit loss on other receivables, deposits and prepayments under HKFRS 9 are as follows:

	2019
	HK$'000
At beginning of the year	**–**
Impact of initial application of HKFRS 9	**290**
	290

14. INTANGIBLE ASSETS

	HK$'000
Cost	
At 1 April 2017, 31 March 2018 and 1 April 2018	322,685
Written-off of intangible assets	(322,685)
At 31 March 2019	–
Accumulated amortisation	
At 1 April 2017	42,396
Amortisation	14,132
At 31 March 2018 and 1 April 2018	56,528
Written-off of intangible assets	(56,528)
At 31 March 2019	–
Net book value	
At 31 March 2019	–
At 31 March 2018	266,157

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.

The intangible asset is amortised on a straight-line basis over its estimated useful life of 24 years.

On 14 September 2018, the Group received a notice from the Ministry of the Economy of Saskatchewan regarding the cancellation of all the 15 subsurface mineral leases and accordingly the Group had fully written-off the carrying amount of intangible assets.

15. TRADE AND OTHER PAYABLES

	2019	2018
	HK$'000	*HK$'000*
Trade payables from financial services segments	**1,479,285**	2,112,096
Trade payables from hotel and gaming segments	**15,705**	14,466
Other payables and accruals	**162,550**	157,945
	1,657,540	2,284,507

Trade payables from financial services segments

	2019	2018
	HK$'000	*HK$'000*
Accounts payable arising from the ordinary course of business of dealing in securities:		
Cash clients	**464,423**	318,265
Margin clients	**998,381**	1,731,404
	1,462,804	2,049,669
Dividend payable to clients	**–**	1,667
Clearing house	**2**	42,948
Accounts payable arising from the ordinary course of business of dealing in futures contracts:		
Clients	**16,419**	17,768
Accounts payable arising from the ordinary course of business in the provision of:		
Corporate finance advisory services	**60**	44
	1,479,285	2,112,096

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 2019, included in accounts payable was an amount of approximately HK$1,371,749,000 (2018: approximately HK$2,049,601,000) 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:

	2019	2018
	HK$'000	*HK$'000*
0–30 days	**9,680**	9,901
31–60 days	**3,208**	4,130
61–90 days	**380**	249
Over 90 days	**2,437**	186
	15,705	14,466

16. BANK LOANS

		2019	2018
	Notes	***HK$'000***	*HK$'000*
Secured bank loans:			
Money market loans and revolving loans	*(a)*	**1,300,000**	1,620,000
Term loans	*(b)*	**1,120,000**	730,000
		2,420,000	2,350,000
Repayable:			
Within one year		**1,420,000**	1,710,000
More than one year, but not exceeding two years		**120,000**	90,000
More than two years, but not exceeding five years		**440,000**	270,000
After five years		**440,000**	280,000
		2,420,000	2,350,000
Amount due within one year included in current liabilities		**(1,420,000)**	(1,710,000)
Amount due after one year		**1,000,000**	640,000

Notes:

(a) The bank loans of the Group were secured by marketable securities of approximately HK$6,748,981,000 pledged to the Group by margin financing customers and certificates of deposit at value of approximately HK$93,930,000 (2018: marketable securities of approximately HK$7,259,478,000 pledged to Group by margin financing customers, a bond at value of approximately HK$44,183,000 and certificates of deposit at value approximately HK$47,950,000.) The bank loans bear floating interest rates ranging from 0.81% to 4.35% per annum (2018: 0.93% to 2.77%).

(b) The term loans of approximately HK$1,120,000,000 (2018: approximately HK$730,000,000), bearing floating interest rates ranging from 2.86% to 4.24% per annum (2018: 2.42% to 3.24%) were secured by:

a. the pledge of leasehold land and buildings held for own use with carrying amounts of approximately HK$2,300,000,000 (2018: approximately HK$2,200,000,000);

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.

Another of the Group's wholly owned subsidiaries, 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 objections 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 payments according to stipulated regulation requirement before making a 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 were concluded/terminated during year ended 31 March 2019 and the Group received favourable court decisions and won all the cases. However, the Macau Financial Services Bureau refused to refund the total tax paid for all these years of assessment amounting to approximately HK$97,200,000. The Group is seeking further clarification and assistance from courts to request refund of the aforesaid tax paid.

Subsequent to the conclusion/termination of the above legal proceedings, Good Start Group Limited further received tax notices issued by Macau Financial Services Bureau for years of assessment 2013 and 2014 demanding Macau Complementary Tax of approximately HK$56,800,000. The Group made payments in accordance to stipulated requirement. Similarly, The Group is seeking further clarification and assistance from court to request refund of the tax paid. With reference to the favourable court decisions for the abovementioned years of assessments, advices from tax consultant and lawyers, the directors considered that the Group has valid grounds for recovery of all the taxes paid. Accordingly, no provision of taxation is considered necessary 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 2013 and 2014 of Good Start Group Limited are eventually unsuccessful and if the same basis of taxation is applied to all years of assessment from 2015 to 2018, the Group will additionally need to pay approximately HK$61,000,000 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 2019.

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 2019 (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$3,039,228,000, representing a decrease of approximately 2% as compared to approximately HK$3,093,546,000 for the year ended 31 March 2018 (the "Previous Year").

Profit attributable to owners of the Company for the Year amounted to approximately HK$1,001,927,000, representing a decrease of approximately 26% as compared to approximately HK$1,348,626,000 for the Previous Year. Basic earnings per share for the Year was approximately HK5.77 cents, representing a decrease of approximately 26% as compared to approximately HK7.77 cents for the Previous Year. The year-on-year decrease was primarily attributable to a one-time write off of the Group's intangible assets amounted to approximately HK$266,157,000 relating to cancellation of the mineral leases, which were non-core assets of the Group.

BUSINESS AND FINANCIAL REVIEW

In addition to the weakening of world's major economies, Sino-US trade frictions, the Fragile European economy and the UK's "Brexit" storm, the geopolitical tensions further attributed to the overall significant economic downturns in 2018. The International Monetary Fund(IMF) in its blog envisaged the additional impact of the newly announced tariffs on China and the United States declared that if it is extended to all trade between China and the United States, it is expected that the global GDP is to be reduced by one-third of a percentage point in the short term. Half of the impact would come from reduction of business and market confidence. On the global economic climate, The World Economic Outlook published by IMF predicts that 70% of global economies would decline in 2019. Global economy growth reached a peak of nearly 4% in 2017, slowing to a 3.6% in 2018, and is expected to fall further to 3.3% in 2019. Japan, Germany, and the United States also experienced regressions in manufacturing data. Recently, US debt experienced an inverted yield curve, a first time in 12 years, an outcome from the Sino-US trade tension. It was believed to be a market on its worry about a further slowing down of the global economic growth.

Despite these pessimistic data, China has started preparing for the possibility of embargo war, especially on energy and agricultural products. China was prompted to deploy stimulus measures to maintain the internal demand. At the opening ceremony of the 2nd The Belt and Road Initiative International Cooperation Summit, President Xi Jinping announced that China would implement a series of reform policies and to adopt higher standards of opening-up, which should encourage further expansion of the foreign capital market, increase flows of imports and continue to apply the opening-up policy thoroughly. This should certainly provide new opportunities for enterprises from all over the world to invest and do business in China, and make new contributions to safeguard and promote free world trade. Besides, Central Banks' policy around the globe has gradually turned to easement. The global economy would be driven by steady growth in consumer demand and technological innovation. The economic situation should be more hopeful for the remaining months of 2019.

During the Year, glutted with prudent investment sentiment, the global financial market was volatile with significant corrections across major stock markets. As for Hong Kong, the average amount of daily trades and the average volume of daily trades of the Hong Kong Exchanges and Clearing Limited (the "HKEX") were strong in the first three quarters of 2018. The fourth quarter slowed down and began to adjust due to the escalation of Sino-US trade tensions. The average daily trade amount fell from HK$126.6 billion to HK$88.8 billion in the second half of the year. In the first quarter of 2019, the average daily turnover of equity products traded on the Stock Exchange of Hong Kong Limited (the "SEHK") decreased by 34% compared to the same period last year; the average daily turnover of the SEHK has decreased by 31% in total; the average daily volume of stock options contracts traded on the SEHK dropped by 21%. During the Year under review, the Group's revenue from its financial service segment recorded a drop of 2% from approximately HK$2,411,363,000 in the Previous Year to approximately HK$2,365,068,000 in the Year.

Looking into Macau, the opening of new hotels and diversification of casino operations seemed to help the Macau market to restore momentum. According to the Macau Government Tourism Office, global visitor arrivals to the Macau from April 2018 to March 2019 reached approximately 37,618,000, representing an increase of approximately 13% over the same period in the previous year. The Group's hotel and gaming operations in this Year also 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.

With concerns over the economic outlook amid the ongoing Sino-US trade war, investors were staying on the sidelines of the stock market which resulted in curbed trading activities and negative sentiment. During the Year, the Group recorded a revenue in this segment of approximately HK$152,056,000 (Previous Year: approximately HK$360,544,000), representing a decrease of approximately 58% as compared to the Previous Year, which also accounted for approximately 6% (Previous Year: approximately 15%) of the Group's financial service segment revenue and approximately 5% (Previous Year: approximately 12%) 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 stable contribution in margin and IPO financing. During the Year, the Group continued its steady performance in the segment, with revenue amounted to approximately HK$2,168,514,000 (Previous Year: approximately HK$1,964,949,000), which also accounted for approximately 92% (Previous Year: approximately 81%) of the Group's financial service segment revenue and approximately 71% (Previous Year: approximately 63%) of the Group's total revenue. However, the stock market in Hong Kong was volatile over the Year. An impairment loss on advances to customers in margin financing of approximately HK$479,411,000 (Previous Year: approximately HK$430,573,000) was made on a prudent basis after reviewing the relevant margin accounts portfolio and financial positions.

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.

After a boom in the Previous Year, this segment has set back but still maintained a steady performance as compared to the years before the Previous Year. This segment recorded revenue of approximately HK$44,498,000 for the Year (Previous Year: approximately HK$85,870,000), representing a decrease of approximately 48%, which also accounted for approximately 2% (Previous Year: approximately 4%) of the Group's financial service segment revenue and approximately 2% (Previous Year: approximately 3%) of the Group's total revenue.

Goodwill Impairment Assessment

Goodwill has arisen upon the Group's acquisition of financial services business 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 hotel room rental, food and beverage operation catering to international and local markets.

During the Year, this segment continued to contribute a steady revenue to the Group. Revenue for hotel ownership and management plus food and beverage in total amounted to approximately HK$216,365,000 (Previous Year: approximately HK$208,655,000), representing an increase of approximately 4% as compared to the Previous Year. Hotel business contributed approximately 32% (Previous Year: approximately 31%) of the total hotel and gaming business revenue and approximately 7% (Previous Year: approximately 7%) of the Group's total revenue.

The average occupancy rates of the two hotels, namely Casa Real and Grandview, were approximately 91% (Previous Year: approximately 88%) and approximately 88% (Previous Year: approximately 89%) respectively.

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$457,795,000 for the Year, representing a decrease of approximately 3% as compared to approximately HK$473,528,000 of the Previous Year. Gaming revenue accounted for approximately 68% (Previous Year: approximately 69%) of total hotel and gaming business revenue and approximately 15% (Previous Year: approximately 15%) of the Group's total revenue.

As at 31 March 2019, the Group has 64 tables (2018: 64) in the mass market halls, 12 tables (2018: 12) in the VIP rooms and 274 slot machines (2018: 277) and 70 live baccarat machines (2018: 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 represented handling charges received from securities clients and other miscellaneous income. The income decreased by approximately 35% from approximately HK$39,647,000 in the Previous Year to approximately HK$25,603,000 in the Year. This was because there was a compensation of approximately HK$9,774,000 in the Previous Year for loss on intangible assets of the Group.

Written-off of intangible assets

The potash industry worldwide has been suffering from oversupply for a number of years and the potash price has been under pressure. In addition, the initial exploration and exploitation costs for potash mines overseas were very high. Despite years of efforts made to identify potential investors to invest in potash projects, aiming for realising or otherwise disposing of such assets of those projects, no progress had been made. As the total annual leasing charge of those leases exceeded 4.4 million Canadian dollars, after taking into consideration certain factors including, market conditions, cost of investments and annual leasing charges, the Group ceased payment of leasing charges and notice was received on 14 September 2018 that those leases were cancelled. The Group's intangible assets of approximately HK$266,157,000 were therefore written off. Such mineral leases were non-core assets of the Group and were not related to the principal lines of businesses of the Group. The cancellation of those leases has no material adverse impact on the overall financial and trading position of the Group.

Fair value loss on financial assets at fair value through profit or loss/fair value loss on held for trading investments

During the Year, the Hong Kong equity market experienced fluctuations. The Group recorded a fair value loss on financial assets at fair value through profit or loss of approximately HK$26,116,000 (Previous Year: approximately HK$12,331,000, under HKFRS 9, held for trading investments in the Previous Year were reclassified as financial assets at fair value through profit or loss in the Year). As at 31 March 2019, the Group was holding financial assets at fair value through profit or loss of approximately HK$168,366,000 (Previous Year: held for trading investments of approximately HK$192,805,000) 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$23,068,000 (Previous Year: approximately HK$22,167,000).

Staff costs

Staff costs amounted to approximately HK$253,327,000 (Previous Year: approximately HK$264,966,000), representing a decrease of approximately 4%. 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 represented amount paid as an incentive to attract customers. The commission paid by the Group was in line with market level. The amount increased slightly by approximately 2% from approximately HK$92,526,000 in the Previous Year to approximately HK$94,010,000 in the Year.

Broker Commission

Broker commission decreased approximately 56% from approximately HK$45,284,000 in the Previous Year to approximately HK$20,096,000 in the Year. The decrease was in line with the decrease in revenue from securities brokerage, underwriting and placement segment during the Year.

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

The interest expenses increased from approximately HK$264,144,000 in the Previous Year to approximately HK$316,910,000 in the Year, representing an increase of approximately 20% as overall cost of funding 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$479,411,000 (Previous Year: approximately HK$430,573,000) 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 included rent and rates, lease expenses, electricity and water, fuel and etc.. During the Year under review, it amounted to approximately HK$112,637,000 (Previous Year: approximately HK$125,654,000), representing an approximately 10% decrease as less lease expenses were recorded in the Year.

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$129,106,000 (Previous Year: approximately HK$138,105,000) representing an approximately 7% decrease.

Finance cost

During the Year, finance cost of approximately HK$32,760,000 (Previous Year: approximately HK$30,300,000) represented the interest expenses on the amount due to a shareholder.

Amortisation

The amount of approximately HK$14,132,000 in the Previous 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. The intangible assets was written-off during the Year.

FUTURE PROSPECTS

Financial service segments

Despite the worrying global economic situation and the Sino-US trade friction, the China's economic fundamentals remained strong in general. China's GDP in the first quarter of 2019 recorded a year-on-year growth, matching the fourth quarter of 2018 and higher than market expectations. Chinese government has continuously introduced measures for maintaining stability in certain industries. From the earlier tax cuts in the software semiconductor industry, supporting technology innovation, encouraging independent research and development, the Ministry of Finance introduced preferential tax policies for the insurance industry. The use of these moderate economy stimulation policies is to intensify internal domestic demand, hopefully offseting the impact of trade wars as such. In the long run, focusing on the expansion of domestic demand and high value-added industries, strengthening efforts to deepen the reform, adopting a higher standard of 'door-open' policies, deep integrating of the Greater Bay Area and the Belt and Road initiative are all conducive to enhance the quality and sustainability of China's future economic development.

The Hong Kong government and regulators work tirelessly on the local financial market. In 2018, the Hong Kong Stock Exchange announced the new "Listing Rules". Since its entry into force, 40 new non-traditional equity companies have issued new shares, raising a total of HK$150.4 billion, accounting for more than half of the IPO funds raised during the same period. As a result, Hong Kong has become the second largest biotechnology center in the world, given the first being Nasdaq, United States. Nine biotech companies, including seven of which has no operating income, have successfully raised capital through the new listing mechanism. There may be more biotechnology company to be listed in Hong Kong in the future. Furthermore, the optimization of the new share issuance mechanism and the integration of the interconnection mechanism introduced by the HKEX will enhance the importance of the Hong Kong market to international investors and encourage more new companies to be listed in Hong Kong.

During the past ten years, the total financing amount for new shares raised has Hong Kong won the global championship for six years. As of the end of April 2019, the raised funds via equity offerings on the Hong Kong stock exchange remained the highest in the world. It serves as a platform for international operations and attracts foreign funds and investment. Therefore, Hong Kong is still an ideal platform for many overseas companies including mainland China one to be listed.

In the long run, the integration of the Mainland and Hong Kong financial industry will further provide more opportunities for our Group. The Group will continue to seize opportunities brought ahead by the new mechanism of the HKEX and keep expanding our business.

Hotel and gaming segments

Benefiting from China's economic growth and the completion of the Hong Kong-Zhuhai-Macao Bridge, Macau's gaming and hotel industry are on the good looking side. Emerging new substances such as art, existing multicultural cuisine, and architectural attractions will carry on to boost Macau's tourism industry. The Group will continue to drive its revenue growth in the region.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

As at 31 March 2019, the shareholders' fund and net current assets of the Group amounted to approximately HK$21,522,041,000 (2018: approximately HK$20,623,754,000) and approximately HK$8,722,658,000 (2018: approximately HK$7,350,416,000) respectively. On the same date, the Group had cash and bank balance of approximately HK$1,086,523,000 (2018: approximately HK$395,793,000) and the current ratio was approximately 1.7 (2018: approximately 1.5).

As at 31 March 2019, the Group had bank borrowings of approximately HK$2,420,000,000 (2018: approximately HK$2,350,000,000), amounts due to shareholders of approximately HK$4,662,264,000 (2018: approximately HK$4,219,911,000), loan from a related company of approximately HK$4,033,342,000 (2018: approximately HK$7,142,999,000) and subordinated loans of approximately HK$700,000,000 (2018: 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 50% (2018: approximately 68%).

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:

	2019							
	HKD	**CNY**	**USD**	**JPY**	**SGD**	**GBP**	**AUD**	**MOP**
	('000)	***('000)***	***('000)***	***('000)***	***('000)***	***('000)***	***('000)***	***('000)***
Cash and bank balances — general account	**1,053,814**	**2,648**	**448**	**–**	**118**	**3**	**–**	**24,646**
Bank loan	**2,420,000**	–	–	–	–	–	–	–

	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	–	–	–	–	–	–	–

CONTINGENT LIABILITIES

Details of contingent liabilities of the Group as at 31 March 2019 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 2019, the Group had capital commitments of approximately HK$14,770,000 (2018: approximately HK$630,000) in respect of acquisition of plant and equipment.

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK1.5 cents (2018: HK2 cents) per Share for the year ended 31 March 2019 ("Final Dividend"), amounting to approximately HK$260,467,000 (2018: approximately HK$347,290,000). 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 11 October 2019 to the Shareholders whose names appear on the register of members of the Company on 10 September 2019.

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 23 August 2019 (Friday)
Latest time to lodge proxy form	11:00 a.m. on 27 August 2019 (Tuesday)
Book close date	26 August 2019 (Monday) to 29 August 2019 (Thursday)
Record date	29 August 2019 (Thursday)
AGM	29 August 2019 (Thursday)

For ascertaining shareholders' entitlement to the proposed Final Dividend

Latest time to lodge transfers	4:30 p.m. on 6 September 2019 (Friday)
Book close date	9 September 2019 (Monday) to 10 September 2019 (Tuesday)
Record date	10 September 2019 (Tuesday)
Final Dividend expected payment date	11 October 2019 (Friday)

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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong before the above latest time to lodge transfers.

EMPLOYEES

As at 31 March 2019, the Group employed a total of approximately 880 (2018: approximately 885) staff. The total staff cost for the Year was approximately HK$253,327,000 (Previous Year: approximately HK$264,966,000). 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 2019, the Group had pledged clients' securities at a value of approximately HK$6,748,981,000, and certificates of deposit at a value of approximately HK$93,930,000 (2018: marketable securities of approximately HK$7,259,478,000, a bond at value of approximately HK$44,183,000 and certificates of deposit at value of approximately HK$47,950,000) 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$2,300,000,000 (2018: approximately HK$2,200,000,000);

— 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 2019 have been reviewed by the Audit Committee.

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

During the year ended 31 March 2019, 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 2019.

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 2019.

PUBLICATION OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE

The Company's 2019 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, 26 June 2019

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.