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 2020

The board of directors (the "Board") of Kingston Financial Group Limited (the "Company") hereby announces the audited consolidated annual results of the Company and its subsidiaries (together the "Group") for the year ended 31 March 2020 together with the comparative figures for the corresponding year in 2019 as follows:

FINANCIAL HIGHLIGHTS

- Revenue for the year ended 31 March 2020 (the "Year") was approximately HK$2,634,417,000, representing a decrease of approximately 13% from approximately HK$3,039,228,000 for the year ended 31 March 2019 (the "Previous Year").

- Profit attributable to owners of the Company for the Year was approximately HK$503,062,000, representing a decrease of approximately 50% from approximately HK$1,001,927,000 for the Previous Year. The year-on-year decrease was primarily attributable to the impairment losses on advances to customers in margin financing of approximately HK$1,122,991,000 (Previous Year: approximately HK$479,411,000).

- Earnings per share for the Year was approximately HK2.90 cents, representing a decrease of approximately 50% from approximately HK5.77 cents for the Previous Year.

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

	Notes	2020 HK$'000	2019 HK$'000
Revenue			
Securities brokerage, underwriting and placements commission income	4	**52,954**	152,056
Margin and IPO financing interest income	4	**2,012,156**	2,168,514
Other financial services income	4	**10,933**	44,498
Room and other rental income	4	**149,511**	188,635
Food and beverage revenue	4	**26,582**	27,730
Gaming revenue	4	**382,281**	457,795
		2,634,417	3,039,228
Other income		**41,326**	25,603
		2,675,743	3,064,831
Inventories consumed		**(19,367)**	(23,068)
Staff costs		**(253,500)**	(253,327)
Gaming commission		**(122,367)**	(94,010)
Broker commission		**(6,993)**	(20,096)
Interest expenses for securities brokerage, underwriting and placements, margin and IPO financing operations		**(270,419)**	(316,910)
Depreciation of property, plant and equipment		**(150,931)**	(103,071)
Impairment losses on advances to customers in margin financing	12	**(1,122,991)**	(479,411)
Write off of intangible assets	14	**–**	(266,157)
Administrative expenses		**(79,713)**	(112,638)
Other operating expenses		**(74,717)**	(129,106)
		(2,100,998)	(1,797,794)
Finance income		**23,327**	21,803
Finance costs	6	**(39,148)**	(32,760)
Change in fair value of financial assets at fair value through profit or loss		**30,726**	(26,116)
Exchange gains, net		**176**	700
		15,081	(36,373)
Profit before taxation	8	**589,826**	1,230,664
Taxation	7	**(86,664)**	(220,744)
Profit for the year		**503,162**	1,009,920

	Notes	**2020** *HK$'000*	2019 *HK$'000*
Profit for the year		**503,162**	1,009,920
Other comprehensive income	*11*		
Item that will not be reclassified to profit or loss:			
Surplus on revaluation of leasehold land and buildings		**8,018**	254,560
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)
Other comprehensive income for the year		**8,018**	254,290
Total comprehensive income for the year		**511,180**	1,264,210
Profit for the year attributable to:			
— Owners of the Company		**503,062**	1,001,927
— Non-controlling interests		**100**	7,993
		503,162	1,009,920
Total comprehensive income for the year attributable to:			
— Owners of the Company		**511,080**	1,256,217
— Non-controlling interests		**100**	7,993
		511,180	1,264,210
Earnings per share (HK cents per share)	*10*		
— Basic		**2.90**	5.77
— Diluted		**2.90**	5.77

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2020

	Notes	2020 HK$'000	2019 HK$'000
Non-current assets			
Property, plant and equipment		**3,038,087**	3,043,862
Statutory deposits for financial services business		**4,216**	4,072
Goodwill		**10,996,683**	10,996,683
		14,038,986	14,044,617
Current assets			
Inventories		**2,447**	2,488
Financial assets at fair value through other comprehensive income		**140**	140
Financial assets at fair value through profit or loss		**138,374**	168,366
Advances to customers in margin financing	*12*	**16,345,648**	18,252,042
Trade and other receivables	*13*	**102,407**	212,979
Tax recoverable		**238,632**	154,012
Cash and bank balances — held on behalf of customers		**846,344**	1,371,749
Cash and bank balances — general accounts		**192,918**	1,086,523
		17,866,910	21,248,299
Current liabilities			
Trade and other payables	*15*	**990,227**	1,657,540
Amounts due to shareholders		**4,394,523**	4,662,264
Loan from a related company		**2,714,146**	4,033,342
Subordinated loans		**700,000**	700,000
Bank loans	*16*	**630,000**	1,420,000
Lease liabilities		**35,859**	–
Tax payable		**2,770**	52,495
		9,467,525	12,525,641
Net current assets		**8,399,385**	8,722,658
Total assets less current liabilities		**22,438,371**	22,767,275

	Notes	**2020** *HK$'000*	2019 *HK$'000*
Non-current liabilities			
Bank loans	*16*	**420,000**	1,000,000
Lease liabilities		**29,917**	–
Deferred tax liabilities		**215,601**	221,635
Total non-current liabilities		**665,518**	1,221,635
Total liabilities		**10,133,043**	13,747,276
Net assets		**21,772,853**	21,545,640
Capital and reserves			
Share capital — ordinary shares		**272,290**	272,290
Share capital — non-redeemable convertible preference shares		**75,000**	75,000
Reserves		**21,425,563**	21,174,751
Total equity attributable to owners of the Company		**21,772,853**	21,522,041
Non-controlling interests		**–**	23,599
Total equity		**21,772,853**	21,545,640

SCOPE OF WORK 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 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 on this announcement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Kingston Financial Group Limited (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 Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 23 July 1996. The address of the Company's registered office and principal place of business are located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and 72/F, The Center, 99 Queen's Road Central, Central, Hong Kong respectively.

The Company is an investment holding company. The principal activities of its subsidiaries include: (i) securities brokerage, underwriting and placements; (ii) margin and initial public offering ("IPO") financing; (iii) other financial services; (iv) hotel operations; (v) food and beverage; (vi) gaming; and (vii) securities investment.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The consolidated financial statements have been prepared under the historical cost basis, except for certain properties and financial instruments, which are measured at fair values at the end of each reporting period.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company.

Except as described in note 3, the accounting policies adopted for the preparation of the consolidated financial statements are in consistent with those followed in the preparation of the consolidated financial statements for the year ended 31 March 2019.

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

3.1 Adoption of new or revised HKFRSs that are mandatorily effective for the current year

During the year, the Group has adopted for the first time the following new or revised HKFRS, including Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations (the "new and revised HKFRSs") issued by the HKICPA, which are relevant to the Group's accounting policies and business operations prepared and presented on the Group's consolidated financial statements for the financial year beginning on or after 1 April 2019:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23	Annual Improvements to HKFRSs 2015–2017 Cycle

Except as described below for the impact of the adoption of HKFRS 16 "Leases", the adoption of other new or revised HKFRSs that are mandatorily effective for the financial year beginning on or after 1 April 2019 did not have any significant impact on the Group's accounting policies, financial position and financial performance for the current and prior years and/or the disclosures set out in the Group's consolidated financial statements.

HKFRS 16 — Leases ("HKFRS 16")

(i) Impact of the adoption of HKFRS 16

HKFRS 16 brings significant changes in accounting treatment for lease accounting, primarily for accounting for lessees. It replaces HKAS 17 "Leases" ("HKAS 17"), HK(IFRIC)-Int 4 "Determining whether an Arrangement contains a Lease" ("HK(IFRIC)-Int 4"), HK(SIC)-Int 15 "Operating Leases-Incentives" ("HK(SIC)-Int 15") and HK(SIC)-Int 27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease" ("HK(SIC)-Int 27"). From a lessee's perspective, almost all leases are recognised in the consolidated statement of financial position as a right-of-use asset and a lease liability, with the narrow exception to this principle for leases which the underlying assets are of low-value or are determined as short-term leases. From a lessor's perspective, the accounting treatment is substantially unchanged from HKAS 17. For details of HKFRS 16 regarding its new definition of a lease, its impact on the Group's accounting policies when the Group as a lessee or lessor, taxation and the transitional impact and practical expedients applied from the initial adoption of HKFRS 16, please refer to section (ii) to (vi) of this note.

The Group has adopted HKFRS 16 by using the modified retrospective approach and has therefore recognised all of the cumulative effect of the initial adoption of HKFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial adoption, i.e. 1 April 2019. The comparative information presented in the prior financial year of 2019 has not been restated and continues to be reported under HKAS 17 and the related interpretations as allowed by the transition provision in HKFRS 16.

The following tables summarised the impact of transition to HKFRS 16 on the consolidated statement of financial position as of 31 March 2019 to that of 1 April 2019 as follows:

	HK$'000
Consolidated statement of financial position as at 1 April 2019	
Assets:	
Right-of-use assets presented in property, plant and equipment	97,286
Liabilities:	
Lease liabilities (non-current)	62,805
Lease liabilities (current)	34,481

The following reconciliation explains how the operating lease commitments disclosed by applying HKAS 17 as at 31 March 2019 could be reconciled to the lease liabilities at the date of initial adoption of HKFRS16 recognised in the consolidated statement of financial position as at 1 April 2019:

	HK$'000
Reconciliation of operating lease commitments to lease liabilities	
Operating lease commitments as of 31 March 2019	105,494
Less: Operating lease commitments relating to leases exempt from capitalisation:	
— Short-term leases with remaining lease term ending on or before 31 March 2020	(1,543)
	103,951
Less: Total future interest expenses	(6,665)
Total lease liabilities as of 1 April 2019	97,286
Total lease liabilities classified as:	
— Current liabilities	34,481
— Non-current liabilities	62,805
	97,286

The weighted average of the incremental borrowing rate applied to lease liabilities recognised in the consolidated statement of financial position as of 1 April 2019 is 4.8%.

(ii) ***The new definition of a lease***

Under HKFRS 16, a lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified asset for a period of time when the customer, throughout the period of use, has both: (a) the right to obtain substantially all of the economic benefits from use of the identified asset; and (b) the right to direct the use of the identified asset.

For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, unless the lessee apply the practical expedient which allows the lessee to elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

For a lease contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the lease contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group has separated the non-lease components from the lease components on the basis of their relative stand-alone prices.

(iii) Accounting as a lessee

Under HKAS 17, a lessee has to classify a lease as an operating lease or a finance lease based on the extent to which risks and rewards incidental to ownership of a lease asset lie with the lessor or the lessee. If a lease is determined as an operating lease, the lessee would recognise the lease payments under the operating lease as an expense over the lease term. The asset under the lease would not be recognised in the consolidated statement of financial position of the lessee.

Under HKFRS 16, all leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the consolidated statement of financial position as right-of-use assets and lease liabilities, but HKFRS 16 provides accounting policy choices for an entity to choose not to capitalise: (i) leases which are short-term leases; and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months and do not contain a purchase option. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

The Group recognised a right-of-use asset and a lease liability at the commencement date of a lease.

Right-of-use assets

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use assets at costs, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The Group's leasehold land and buildings that were held for rental or capital appreciation purpose would continue to be accounted for under HKAS 40 "Investment Property" ("HKAS 40") and would be carried at fair value. For leasehold land and buildings which is held for own use would continue to be accounted for under HKAS 16 "Property, Plant and Equipment" ("HKAS 16") and would be carried at fair value under the revaluation model. For the payments of property interests which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the aforesaid payments cannot be allocated reliably between the leasehold land and building elements since its acquisition. The adoption of HKFRS 16 therefore does not have any significant impact on these right-of-use assets.

Other than the above right-of-use assets, the Group also has leased a number of properties under tenancy agreements which the Group exercises its judgement and determines that it is a separate class of asset apart from the leasehold land and buildings which is held for own use. As a result, the right-of-use asset arising from the properties under tenancy agreements are carried at depreciated cost.

Lease liabilities

The lease liability should be recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments shall be discounted by using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group shall use the Group's incremental borrowing rate as an alternative.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable: (ii) variable lease payments that depend on an index or a rate, initially measured by using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Group shall measure the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g. a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

The Group remeasures lease liabilities and makes a corresponding adjustment to the related right-of-use assets whenever: (i) the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment; and (ii) the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments by using the initial discount rate.

Lease modification

The Group accounts for a lease modification as a separate lease if: (i) the modification increases the scope of the lease by adding the right-to-use one or more underlying assets; and (ii) the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of lease modification.

(iv) Taxation

For the purposes of measuring the deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group firstly determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 "Income Taxes" requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to the application of the initial recognition exemption.

(v) Accounting as a lessor

The Group has leased out minor area of its leasehold land and buildings to a number of tenants as the lessor of operating leases. As the accounting under HKFRS 16 for a lessor is substantially unchanged from the requirements under HKAS 17, the adoption of HKFRS 16 does not have significant impact on these consolidated financial statements.

Under HKFRS 16, when the Group acts as an intermediate lessor by leasing out its leasehold land and buildings to tenants, the Group is required to classify the sublease as a finance lease or an operating lease with reference to the right-of-use asset arising from the head lease, instead of only with reference to the underlying asset. The adoption of HKFRS 16 does not have a significant impact on the Group's consolidated financial statements in this regard.

Lease modifications

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

(vi) Transitional impact and practical expedients applied from the initial adoption of HKFRS 16

As mentioned above, the Group has adopted HKFRS 16 by using the modified retrospective approach and has therefore recognised all of the cumulative effect of the initial adoption of HKFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial adoption, i.e. 1 April 2019. The comparative information presented in the prior year of 2019 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The Group has recognised the lease liabilities at the date of 1 April 2019 for leases previously classified as operating leases by applying HKAS 17 and measured those lease liabilities at the present value of the remaining lease payments, discounted by using the incremental borrowing rate determined by the Group as at 1 April 2019.

The Group has elected to recognise all of the right-of-use assets as at 1 April 2019 for leases previously classified as operating leases under HKAS 17 at amounts equal to the related lease liabilities adjusted by any prepaid or accrued lease payments by applying HKFRS 16.C8(b)(ii) transition. After the initial recognition of right-of-use assets, the Group applied HKAS 36 "Impairment of Assets" at the end of each reporting periods to assess if there is any impairment on that date. The weighted average of the incremental borrowing rates applied to the lease liabilities recognised in the consolidated statement of financial position as at 1 April 2019 was 4.8%.

To ease the transition from HKAS 17 to HKFRS 16, the Group applied the following practical expedients at the date of initial adoption on 1 April 2019:

(i) when measuring the lease liabilities at the date of initial adoption of HKFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment);

(ii) the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of right-of-use assets and lease liabilities for which the remaining lease terms end within 12 months from the date of initial adoption of HKFRS 16, i.e. where the lease terms ending on or before 31 March 2020 or for those underlying assets of lease contracts are low value;

(iii) excluding the initial direct costs for entering the lease contracts whereby the Group as a lessee position from the measurement of right-of-use assets at the date of initial adoption of HKFRS 16;

(iv) used hindsight, such as in determining the lease terms if the lease contracts contain any options to extend or terminate the lease when the Group as a lessee position; and

(v) the Group, as a lessee, relied on its assessment of whether leases are onerous by applying HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets" immediately before the date of initial adoption of HKFRS 16 at 1 April 2019 as an alternative to perform an impairment review. The Group shall adjust the right-of-use asset by the amount of any provision for onerous leases recognised in the consolidated statement of financial position immediately before the date of initial adoption of HKFRS 16.

In addition, the Group applied the following practical expedients to define its lease contracts whereby HKFRS 16 is applied to all of the Group's lease contracts that were previously identified as leases by applying HKAS 17 and HK(IFRIC)-Int 4 and not to apply HKFRS 16 to contracts that were not previously identified as containing a lease under the definitions of HKAS 17 and HK (IFRIC)-Int4. Therefore, the Group has not reassessed for those lease contracts which already existed prior to the date of initial adoption of HKFRS 16 at 1 April 2019.

Regarding to those existing lease contracts effective on 1 April 2019 together with the consideration of practical expedients, there is no advanced lease payments made at or before the commencement date of the lease, no lease incentives received from the lessor, no material initial direct cost to enter into those lease contracts, nor any dismantling or removing cost to restore the underlying asset into its preset conditions. As a result, the carrying amount of right-of-use assets is the same as the lease liabilities at the date of initial adoption of HKFRs 16 at 1 April 2019 and no material deferred tax impact arise.

For those lease contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set in HKFRS 16 in assessing whether a contract contains a lease.

In accordance with the transitional provision in HKFRS 16, when the Group, as a lessor position, is not required to make any adjustment on the transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial adoption and the comparative information has not been restated.

3.2 New or revised HKFRSs that have been issued but are not yet effective

The following new or revised HKFRSs, potentially relevant to the Group's consolidated 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 HKAS 1	Classification of Liabilities as Current or Non-current[5]
Amendments to HKAS 1 and HKAS 8	Definition of Material[1]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[1]
Amendments to HKFRS 3	Definition of a Business[2]
Amendments to HKFRS 16	COVID-19 Related Rent Concession[3]
HKFRS 17	Insurance Contracts[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[6]

1 Effective for annual periods beginning on or after 1 April 2020.
2 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 April 2020.
3 Effective for annual periods beginning on or after 1 June 2020.
4 Effective for annual periods beginning on or after 1 April 2021.
5 Effective for annual periods beginning on or after 1 April 2022.
6 The amendments were originally intended to be effective for periods beginning on or after 1 April 2019. The effective date has now been deferred or removed. Early application of the amendments continue to be permitted.

In addition to the above new or revised HKFRSs, a revised "Conceptual Framework for Financial Reporting" was issued in 2018 and its consequential amendments, the "Amendments to References to the Conceptual Framework in HKFRS Standards", both issued by the HKICPA, will be effective for annual periods beginning on or after 1 April 2020.

The directors of the Company (the "directors") are 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 adoption. Up to date when the consolidated financial statements were approved and authorised for issue, the directors did not aware any aspect of these new or revised HKFRSs which are likely to have a significant impact on the preparation or presentation of the Group's consolidated financial statements.

4. REVENUE

	2020	2019
	HK$'000	*HK$'000*
Financial services business:		
— securities brokerage, underwriting and placements	**52,954**	152,056
— margin and IPO financing	**2,012,156**	2,168,514
— other financial services	**10,933**	44,498
	2,076,043	2,365,068
Hotel and gaming business:		
— room and other rental income	**149,511**	188,635
— food and beverage	**26,582**	27,730
— gaming revenue	**382,281**	457,795
	558,374	674,160
Total revenue	**2,634,417**	3,039,228

Disaggregation of the Group's revenue during the year is as follows:

	2020	2019
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15:		
— securities brokerage, underwriting and placements	**52,954**	152,056
— other financial services	**10,933**	44,498
— room and other rental income	**149,511**	188,635
— food and beverage	**26,582**	27,730
— gaming revenue	**382,281**	457,795
	622,261	870,714
Revenue from other sources not within the scope of HKFRS 15:		
— margin and IPO financing	**2,012,156**	2,168,514
Total revenue	**2,634,417**	3,039,228
Timing of revenue recognition from contracts with customers:		
— at a point in time	**79,536**	179,786
— transferred over time	**542,725**	690,928
	622,261	870,714

5. SEGMENT INFORMATION

Regarding to the Group's financial reporting process to both directors and key management of the Company (together as "Chief Operating Decision Maker"), the Group is broadly classified into three operating segments, namely: (i) financial services segments; (ii) hotel and gaming segments; and (iii) securities investment segment. Under the three operating segments, there are in total of seven operating activities based on the categories of products or services provided in Hong Kong and Macau region.

The classification of operating segments are determined by the Chief Operating Decision Maker to monitor the results individually for making decisions of resources allocation and performance assessment. Financial information is disaggregated into segment revenue, segment assets, segment liabilities and geographical segment information.

Financial services segments:

— Securities brokerage, underwriting and placements, which is the provision of brokerage, underwriting and placements services of listed securities in the recognised stock exchanges.

— Margin and initial public offering ("IPO") financing, which is the provision of credits to margin clients.

— Other financial services mainly include the provision of corporate finance advisory and future brokerage services.

Hotel and gaming segments:

— Hotel operations is the operation of hotels.

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

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

Securities investment segment:

— Trading of listed securities through recognised stock market.

Operating segment result is evaluated based on adjusted earnings before interest, taxes, depreciation and amortisation ("adjusted EBITDA"). Interest income and expenses and certain income and expenses, including depreciation of property, plant and equipment, taxation, gain on disposal of property, plant and equipment, write off of property, plant and equipment and write off of intangible assets, corporate staff costs, exchange gains, sundry income and central administrative expenses, which are not included in the result of operating segments as they are managed by central function units which manages the working capital of the Group.

Operating segment assets comprise of all assets owned by the Group except for financial assets at fair value through other comprehensive income and corporate assets, which are not directly attributable to the operating segments. Operating segment liabilities comprise of all liabilities owed by the Group except for amounts due to shareholders and corporate liabilities, which are not directly attributable to the operating segments.

The following tables represent segment information of the Group for the years ended 31 March 2019 and 2020:

For the year ended 31 March 2020

	Financial services segments				**Hotel and gaming segments**					
	Securities brokerage, underwriting and placements *HK$'000*	**Margin and IPO financing** *HK$'000*	**Other financial services** *HK$'000*	**Subtotal** *HK$'000*	**Hotel operations** *HK$'000*	**Food and beverage** *HK$'000*	**Gaming** *HK$'000*	**Subtotal** *HK$'000*	**Securities investment segment** *HK$'000*	**Total** *HK$'000*
Segment revenue										
External customers	**52,954**	**2,012,156**	**10,933**	**2,076,043**	**149,511**	**26,582**	**382,281**	**558,374**	**–**	**2,634,417**
Inter-segment	**–**	**–**	**–**	**–**	**57,303**	**–**	**11,055**	**68,358**	**–**	**68,358**
	52,954	**2,012,156**	**10,933**	**2,076,043**	**206,814**	**26,582**	**393,336**	**626,732**	**–**	**2,702,775**
Adjusted earnings before interest, income tax, depreciation and amortisation ("EBITDA")	**50,313**	**558,345**	**(4,557)**	**604,101**	**88,847**	**(11,937)**	**120,558**	**197,468**	**31,910**	**833,479**
Segment assets				**28,486,013**	**2,397,276**	**441,270**	**423,600**	**3,262,146**	**138,374**	**31,886,533**
Segment liabilities				**5,713,994**	**235,208**	**8,061**	**62,836**	**306,105**	**–**	**6,020,099**
Capital expenditure				**36,391**	**2,876**	**532**	**487**	**3,895**	**–**	**40,286**

For the year ended 31 March 2019

	Financial services segments				Hotel and gaming segments					
	Securities brokerage, underwriting and placements *HK$'000*	Margin and IPO financing *HK$'000*	Other financial services *HK$'000*	Subtotal *HK$'000*	Hotel operations *HK$'000*	Food and beverage *HK$'000*	Gaming *HK$'000*	Subtotal *HK$'000*	Securities investment segment *HK$'000*	Total *HK$'000*
Segment revenue										
External customers	152,056	2,168,514	44,498	2,365,068	188,635	27,730	457,795	674,160	–	3,039,228
Inter-segment	–	–	–	–	58,610	–	8,708	67,318	–	67,318
	152,056	2,168,514	44,498	2,365,068	247,245	27,730	466,503	741,478	–	3,106,546
Adjusted EBITDA	143,133	1,283,961	27,220	1,454,314	129,522	(9,761)	167,376	287,137	(25,450)	1,716,001
Segment assets				31,453,765	2,665,076	415,664	547,308	3,628,048	168,366	35,250,179
Segment liabilities				9,006,639	242,053	10,478	68,052	320,583	–	9,327,222
Capital expenditure				–	3,405	532	5,000	8,937	–	8,937

Reconciliations of segment revenue, adjusted EBITDA, segment assets and segment liabilities

	2020	2019
	HK$'000	*HK$'000*
Segment revenue	**2,702,775**	3,106,546
Less: Inter-segment revenue	**(68,358)**	(67,318)
Total revenue	**2,634,417**	3,039,228
Adjusted EBITDA	**833,479**	1,716,001
Other income	**22,832**	4,846
Interest income	**680**	2,615
Exchange gains, net	**176**	700
Corporate staff costs	**(37,102)**	(17,354)
Central administrative expenses	**(45,011)**	(74,156)
Depreciation of property, plant and equipment	**(150,931)**	(103,071)
Gain on disposal of property, plant and equipment	**5,460**	–
Write off of property, plant and equipment	**(609)**	–
Write off of intangible assets	**–**	(266,157)
Finance costs	**(39,148)**	(32,760)
Taxation	**(86,664)**	(220,744)
Profit for the year	**503,162**	1,009,920
Segment assets	**31,886,533**	35,250,179
Financial assets at fair value through other comprehensive income	**140**	140
Corporate assets	**19,223**	42,597
Total assets	**31,905,896**	35,292,916
Segment liabilities	**6,020,099**	9,327,222
Amounts due to shareholders	**4,104,523**	4,372,264
Corporate liabilities	**8,421**	47,790
Total liabilities	**10,133,043**	13,747,276

Geographical segment information

The Group's financial services and securities investment segments are located in Hong Kong and the hotel and gaming segments are located in Macau.

The Group's non-current assets located in different geographical locations are as follows:

	2020	2019
	HK$'000	*HK$'000*
Hong Kong	**11,088,440**	10,997,389
Macau	**2,946,330**	3,043,156
Total non-current assets *(Note)*	**14,034,770**	14,040,545

Note: The total non-current assets exclude statutory deposits for financial services business.

Information about major customers

Revenue from a customer contributing over 10% of the Group's total revenue from the hotel and gaming segments during the year is as follows:

	2020	2019
	HK$'000	*HK$'000*
SJM	**382,281**	457,795

6. FINANCE COSTS

	2020	2019
	HK$'000	*HK$'000*
Interest expenses on amounts due to shareholders	**35,350**	32,760
Interest expenses on lease liabilities	**3,798**	–
	39,148	32,760

7. TAXATION

	2020	2019
	HK$'000	*HK$'000*
Current tax:		
Hong Kong Profits Tax	**105,184**	239,473
Macau Complementary Tax	**1,016**	3,541
Over provision in respect of prior years	**(12,409)**	(16,291)
	93,791	226,723
Deferred tax:		
Macau Complementary Tax	**(7,127)**	(5,979)
	86,664	220,744

(a) Hong Kong Profits Tax has been provided for the year ended 31 March 2020 at the statutory tax rate of 16.5% (2019: 16.5%).

(b) Macau Complementary Tax has been provided for the year ended 31 March 2020 at the statutory tax rate of 12% (2019:12%). Regarding to two wholly-owned subsidiaries of the Company, namely Good Start Group Limited and Target All Investments Limited received tax notices issued by the Macau Financial Services Bureau as set out in Note 17, no respective tax provision has been made for both years. The tax payment was included in tax recoverable presented in the consolidated statement of financial position.

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

8. PROFIT BEFORE TAXATION

Profit before taxation for the year is arrived at after charging as follows:

	2020	2019
	HK$'000	*HK$'000*
Auditor's remuneration	**2,500**	2,500
Marketing, advertising and promotion expenses	**26,523**	76,685
Total minimum lease payments for leases previously classified as operating leases under HKAS 17 *(Note)*	**–**	35,470
Short-term lease expenses	**15,757**	–
Provision of impairment losses on trade and other receivables	**475**	226
Write off of property, plant and equipment	**609**	–
Directors' emoluments	**81,141**	95,717

Note: The Group has adopted HKFRS 16 by using the modified retrospective approach and adjusted the opening balance at 1 April 2019 to recognise all of the right-of-use assets relating to leases which were previously classified as operating leases under HKAS 17 at amounts equal to the related lease liabilities adjusted by any prepaid or accrued lease payments by applying HKFRS 16.C8(b)(ii) transition. After the initial recognition of right-of-use assets, the Group, as a lessee, is required to recognise the depreciation of right-of-use assets, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. Under this approach, the comparative information has not been restated.

9. DIVIDEND

No interim dividend was declared for the six months ended 30 September 2019 and 2018.

The Board has recommended the payment of final dividend of HK1 cent per share for the year ended 31 March 2020 (2019: HK1.5 cents per share) of approximately HK$173,645,000 (2019: HK$260,467,000).

10. EARNINGS PER SHARE

	2020	2019
	HK cents	*HK cents*
Basic earnings per share	**2.90**	5.77
Diluted earnings per share	**2.90**	5.77

(a) Basic earnings per share

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

	2020	2019
	HK$'000	*HK$'000*
Profit for the year attributable to owners of the Company	**503,062**	1,001,927

	2020	2019
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 used in the calculation 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 was no dilutive potential shares to be issued for the years ended 31 March 2020 and 2019.

11. OTHER COMPREHENSIVE INCOME

	2020			2019		
	Before tax	**Tax**	**After tax**	Before tax	Tax	After tax
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Surplus on revaluation of leasehold land and buildings	**9,111**	**(1,093)**	**8,018**	289,273	(34,713)	254,560
Change in fair value of financial assets at fair value through other comprehensive income	**–**	**–**	**–**	(270)	–	(270)
	9,111	**(1,093)**	**8,018**	289,003	(34,713)	254,290

12. ADVANCES TO CUSTOMERS IN MARGIN FINANCING

	2020	2019
	HK$'000	*HK$'000*
Directors of subsidiaries and their associates	**50,601**	85
Other margin financing customers	**18,403,799**	19,237,718
	18,454,400	19,237,803
Less: Loss allowances	**(2,108,752)**	(985,761)
	16,345,648	18,252,042

The movements of loss allowances on advances to customers in margin financing are as follows:

	2020	2019
	HK$'000	*HK$'000*
At 1 April	**985,761**	506,350
Provision of loss allowances	**1,122,991**	479,411
At 31 March	**2,108,752**	985,761

At 31 March 2019 and 2020, advances to customers in margin financing are repayable on demand and carried 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 2020, total market value of securities pledged as collateral in respect of the loan to margin clients was approximately HK$38,473,670,000 (31 March 2019: approximately HK$59,474,842,000).

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

	2020	2019
	HK$'000	*HK$'000*
Trade receivables from financial services segments	**22,737**	80,039
Trade receivables from hotel and gaming segments	**58,466**	64,027
	81,203	144,066
Other receivables, deposits and prepayments	**21,204**	68,913
	102,407	212,979

Trade receivables from financial services segments

	2020	2019
	HK$'000	*HK$'000*
Trade receivables arising from the ordinary course of business of dealing in securities:		
— Cash clients	**2,674**	4,913
— Clearing House	**3,296**	62,315
— Brokers and dealers	**113**	638
	6,083	67,866
Trade receivables arising from the ordinary course of business of dealing in futures contracts:		
— Clearing house	**10,720**	7,754
Trade receivables arising from the ordinary course of business in the provision of:		
— Corporate finance advisory services	**6,570**	4,830
Total trade receivables, before loss allowances	**23,373**	80,450
Less: Loss allowances	**(636)**	(411)
Total trade receivables, after loss allowances	**22,737**	80,039

The movements of loss allowances on trade receivables of the financial services segments are as follows:

	2020	2019
	HK$'000	*HK$'000*
At 1 April	**411**	185
Provision of loss allowances	**225**	226
At 31 March	**636**	411

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

Trade receivables from clearing houses, brokers, dealers and corporate finance clients are classified as current assets.

Trading limits are set for customers. The Group seeks to maintain stringent control over the trade receivables in order to minimise credit risk. Overdue balances are regularly monitored by management and followed up for the settlement.

Trade receivables from hotel and gaming segments

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

	2020	2019
	HK$'000	*HK$'000*
0–30 days	**53,575**	59,931
31–60 days	**850**	1,852
61–90 days	**3,733**	75
Over 90 days	**24,244**	25,855
	82,402	87,713
Less: Loss allowances	**(23,936)**	(23,686)
	58,466	64,027

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

	2020	2019
	HK$'000	*HK$'000*
At 1 April	**23,686**	23,686
Provision of loss allowances	**250**	–
At 31 March	**23,936**	23,686

Other receivables

The movements of loss allowances on other receivables are as follows:

	2020	2019
	HK$'000	*HK$'000*
At 1 April and 31 March	**290**	290

In respect of other receivables, the Group monitors the credit risk exposures and manages the other receivables based on the historical repayment records and loss experience. At the end of reporting period, the credit risk of other receivables has not increased significantly since initial recognition and the loss allowances of other receivables was measured at 12-month expected credit loss ("ECL") calculation.

14. INTANGIBLE ASSETS

	HK$'000
Cost	
At 1 April 2018	322,685
Write off of intangible assets	(322,685)
At 31 March 2019 and 2020	–
Accumulated amortisation	
At 1 April 2018	56,528
Write off of intangible assets	(56,528)
At 31 March 2019 and 2020	–
Net book value	
At 31 March 2020	–
At 31 March 2019	–

The intangible assets represented the costs of 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 approximately HK$266,157,000 during the year ended 31 March 2019.

15. TRADE AND OTHER PAYABLES

	2020	2019
	HK$'000	*HK$'000*
Trade payables from financial services segments	**870,492**	1,479,285
Trade payables from hotel and gaming segments	**16,298**	15,705
	886,790	1,494,990
Other payables and accruals	**103,437**	162,550
	990,227	1,657,540

Trade payables from financial services segments

	2020	2019
	HK$'000	*HK$'000*
Trade payables arising from the ordinary course of business of dealing in securities:		
— Cash clients	**323,505**	464,423
— Margin clients	**528,049**	998,381
	851,554	1,462,804
Dividend payable to clients	**4,503**	2
Trade payables arising from the ordinary course of business of dealing in futures contracts:		
— Clients	**14,435**	16,419
Trade payables arising from the ordinary course of business in the provision of:		
— Corporate finance advisory services	**–**	60
	870,492	1,479,285

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

No ageing analysis is disclosed for those 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 2020, included in trade payables was amount of approximately HK$846,344,000 (2019: approximately HK$1,371,749,000) 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 from hotel and gaming segments at the end of the reporting period:

	2020	2019
	HK$'000	*HK$'000*
0–30 days	**14,051**	9,680
31–60 days	**1,692**	3,208
61–90 days	**170**	380
Over 90 days	**385**	2,437
	16,298	15,705

16. BANK LOANS

	Notes	2020 HK$'000	2019 HK$'000
Secured bank loans:			
Money market loans and revolving loans	*(a)*	**600,000**	1,300,000
Term loans	*(b)*	**450,000**	1,120,000
		1,050,000	2,420,000
Repayable:			
— Within one year		**630,000**	1,420,000
— More than one year, but not exceeding two years		**50,000**	120,000
— More than two years, but not exceeding five years		**370,000**	440,000
— After five years		**–**	440,000
		1,050,000	2,420,000
Less: Amount due within one year		**(630,000)**	(1,420,000)
Amount due after one year		**420,000**	1,000,000

Notes:

(a) As at 31 March 2020, the money market loans and revolving loans of the Group were secured by marketable securities of approximately HK$3,117,000,000 (2019: approximately HK$6,748,981,000) pledged to the Group by margin clients and certificates of deposit of approximately HK$93,980,000 (2019: approximately HK$93,930,000). During the year, the money market loans and revolving loans bear floating interest rates ranging from 1.16% to 5.41% per annum (2019: 0.81% to 4.35%).

(b) The term loans of approximately HK$450,000,000 (2019: approximately HK$1,120,000,000), bearing floating interest rates ranging from 2.94% to 4.53% per annum (2019: 2.86% to 3.32%) were secured by:

a. the pledge of leasehold land and buildings with carrying amounts of approximately HK$2,100,000,000 (2019: approximately HK$2,300,000,000);

b. shares of two subsidiaries of the Company;

c. corporate guarantee from a subsidiary of the Company;

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

e. a charge over income and receivables arising from the business operations of two subsidiaries of the Company engaged in the principal activities of hotel and gaming segments.

17. CONTINGENT LIABILITIES

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

Another wholly owned subsidiaries of the Company, namely Target All Investments Limited has received tax notices issued by the Macau Financial Services Bureau dated 26 August 2015 and 24 October 2016 for assessing its Macau Complementary Tax payable for the years of assessment 2011, 2012, 2013 and 2014 respectively. The tax amounts per tax notices 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 of an aggregate amount of approximately HK$97,200,000 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 for the abovementioned year of assessments. However, the Macau Financial Services Bureau refused to refund the remaining amount of taxes paid by the Group of approximately HK$95,900,000. 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 and Target All Investments Limited further received tax notices issued by Macau Financial Services Bureau for years of assessment 2013 to 2018 and 2015 to 2018 respectively demanding Macau Complementary Tax in the aggregate amount of approximately HK$121,000,000, of which approximately HK$56,800,000 was paid in the Previous Year.

As at 31 March 2020, there were nine legal proceedings in total between the Group and the Macau Financial Services Bureau in connection with Macau Complementary Tax in respect of Good Start Group Limited for each of the years of assessment from 2009 to 2014 and Target All Investments Limited for each of the years of assessment from 2012 to 2014. The aggregate amount for all these cases was approximately HK$152,700,000 and such amount has been paid by the Group.

Based on the advices from the Group's legal counsel, the directors considered that the Group has valid grounds to recover the full amount of approximately HK$152,700,000. Accordingly, no provision for taxation has been made in the profit or loss. In the contrary, if the nine legal proceedings are eventually unsuccessful and the Macau Financial Bureau applied the same basis to the issued tax notices for years of assessment from 2015 to 2018, the Group will need to pay approximately HK$61 million for Macau Complementary Tax.

The Group had no other material contingent liabilities as at end of the year 31 March 2019 and 2020.

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 2020 (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$2,634,417,000, representing a decrease of approximately 13% as compared to approximately HK$3,039,228,000 for the year ended 31 March 2019 (the "Previous Year").

Profit attributable to owners of the Company for the Year amounted to approximately HK$503,062,000, representing a decrease of approximately 50% as compared to approximately HK$1,001,927,000 for the Previous Year. Basic earnings per share for the Year was approximately HK2.90 cents, representing a decrease of approximately 50% as compared to approximately HK5.77 cents for the Previous Year. The year-on-year decrease was primarily attributable to the impairment losses on advances to customers in margin financing of approximately HK$1,122,991,000 (Previous Year: approximately HK$479,411,000).

BUSINESS AND FINANCIAL REVIEW

Despite China and the United States formally signing phase one of a trade agreement in January 2020, the novel coronavirus epidemic ("COVID-19") that broke out in early 2020 and then evolved into a global pandemic has prompted countries to adopt travel restrictions and other isolation policies such as "lockdown", causing unprecedented impact on the global economy. In order to cope with COVID-19, Mainland China has implemented a series of prevention and control measures, including extending the Lunar New Year holidays nationwide and imposing certain degrees of restrictions on travel and transportation, which have in turn posed downward pressure on the economy. Gross domestic product (GDP) fell by approximately 6.8% year-on-year in the first quarter of 2020, marking the first ever quarterly contraction.

Due to the US-China trade war and COVID-19, capital market sentiment has been severely dampened. Stock markets around the globe have become considerably more volatile, with the US markets triggering circuit breakers several times, and the Hong Kong stock market weathering investor selloffs. Compounded by the social movements and other uncertainties, every sector of the Hong Kong economy have been heavily affected, and Hong Kong stocks have been under repeated pressure. Hang Seng Index slumped from its intraday high of 29,174 on 20 January 2020 to its intraday low of 21,139 on 19 March 2020, falling back 2016 levels. Under this challenging business environment, the Group's performance in the financial services segment was impacted. During the Year under review, the Group's revenue from its financial services segment dropped by approximately 12% from approximately HK$2,365,068,000 in the Previous Year to approximately HK$2,076,043,000 in the Year.

The situation in Hong Kong and the outbreak of COVID-19 resulted in a significant decrease in the number of tourists visiting Macau. In light of COVID-19, casinos in Macau suspended operations for 15 days starting from February 2020 at the request of the Macau government. During the first three months of 2020, gaming revenue in Macau amounted to approximately MOP30.5 billion in aggregate, representing a year-on-year decrease of approximately 60%. Revenue from our hotel and gaming businesses for the Year dropped by approximately 19% and approximately 16% respectively.

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.

In view of the US-China trade dispute, social instability in Hong Kong and the COVID-19 epidemic, local economic activities have come to a standstill. In the first quarter of this year, gross domestic product (GDP) fell by approximately 8.9% year-on-year, the biggest drop since 1974 when relevant statistics were available. Investors remained extremely cautious and trading activities shrank significantly.

During the Year, securities brokerage, underwriting and placements segment recorded a revenue of approximately HK$52,954,000 (Previous Year: approximately HK$152,056,000), representing a significant decrease of approximately 65% as compared to the Previous Year, and accounting for approximately 3% (Previous Year: approximately 6%) of the Group's financial service segment revenue and approximately 2% (Previous Year: approximately 5%) 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 IPOs.

Due to the poor market sentiment and uncertainties about the economic outlook, the Group has adopted a more prudent approach for the margin and IPO financing business. During the Year, total revenue amounted to approximately HK$2,012,156,000 (Previous Year: approximately HK$2,168,514,000), accounting for approximately 96% (Previous Year: approximately 92%) of the Group's financial service segment revenue and approximately 76% (Previous Year: approximately 71%) of the Group's total revenue. The stock market in Hong Kong was volatile over the Year. Impairment losses of approximately HK$1,122,991,000 (Previous Year: approximately HK$479,411,000) were made for advances to customers in margin financing 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. The Group also provides portfolio management services under its asset management business.

Similar to other financial services of the Group, the performance of this segment was impacted. Revenue for the Year amounted to approximately HK$10,933,000 (Previous Year: approximately HK$44,498,000), representing a significant decrease of approximately 75%, which also accounted for approximately 1% (Previous Year: approximately 2%) of the Group's financial service segment revenue and less than 1% (Previous Year: approximately 2%) of the Group's total revenue.

Goodwill Impairment Assessment

Goodwill has arisen since 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

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.

Due to the outbreak of COVID-19, visitor arrivals to Macau declined rapidly since early 2020. This has had an adverse effect on the Group's hotel business in Macau. Revenue for hotel operations plus food and beverage in total amounted to approximately HK$176,093,000 (Previous Year: approximately HK$216,365,000), representing a significant decrease of approximately 19% as compared to the Previous Year. Hotel business contributed approximately 32% (Previous Year: approximately 32%) 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 75% (Previous Year: approximately 91%) and approximately 73% (Previous Year: approximately 88%) 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.

Similarly, the Group's gaming business in Macau has been affected by the spread of the coronavirus. Gaming revenue amounted to approximately HK$382,281,000 for the Year, representing a decrease of approximately 16% as compared to approximately HK$457,795,000 of the Previous Year. Gaming revenue accounted for approximately 68% (Previous Year: approximately 68%) of total hotel and gaming business revenue and approximately 15% (Previous Year: approximately 15%) of the Group's total revenue.

As at 31 March 2020, the Group has 69 tables (2019: 64) in the mass market halls, 15 tables (2019: 12) in the VIP rooms and 262 slot machines (2019: 274) and nil live baccarat machines (2019: 70) in the electronic gaming halls.

Other Income

Other income in the Year was due to a gain on disposal of property, plant and equipment of approximately HK$5,460,000, reversal of over accrued lease expenses of approximately HK$11,407,000, handling charges received from securities clients and other miscellaneous income. The income increased by approximately 61% from approximately HK$25,603,000 in the Previous Year to approximately HK$41,326,000 in the Year as there was no gain on disposal of property, plant and equipment, reversal of over accrued lease expenses in the Previous Year.

Write 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 in the Previous Year. 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.

Change in fair value of financial assets at fair value through profit or loss

During the Year, the Hong Kong equity market experienced fluctuations. The Group recorded a fair value gain on financial assets at fair value through profit or loss of approximately HK$30,726,000 (Previous Year: fair value loss approximately HK$26,116,000). As at 31 March 2020, the Group was holding financial assets at fair value through profit or loss of approximately HK$138,374,000 (Previous Year: approximately HK$168,366,000) in market value.

Inventories consumed

Inventories 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$19,367,000 (Previous Year: approximately HK$23,068,000), representing an approximately 16% decrease as the occupancies of the Group's hotels dropped due to the outbreak of COVID-19 in early 2020.

Staff costs

Staff costs amounted to approximately HK$253,500,000 (Previous Year: approximately HK$253,327,000). 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 by approximately 30% from approximately HK$94,010,000 in the Previous Year to approximately HK$122,367,000 in the Year. The Group revised its gaming commission policy in one of its VIP rooms which resulted in a significant increase in gaming commission but significantly reduced other operating expenses during the Year.

Broker Commission

Broker commission decreased approximately 65% from approximately HK$20,096,000 in the Previous Year to approximately HK$6,993,000 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 decreased from approximately HK$316,910,000 in the Previous Year to approximately HK$270,419,000 in the Year, representing a decrease of approximately 15% as less funding was required during the Year.

Impairment losses on advances to customers in margin financing

Due to the volatility in the local stock market during the Year, impairment losses of approximately HK$1,122,991,000 (Previous Year: approximately HK$479,411,000) were made on some particular clients with margin loan shortfalls on a prudent basis after reviewing their margin accounts portfolio and financial positions.

Administrative expenses and depreciation of property, plant and equipment

Administrative expenses mainly included rent and rates, office management fee, lease expenses, electricity and water, fuel and etc.. During the Year under review, it amounted to approximately HK$79,713,000 (Previous Year: approximately HK$112,638,000), representing an approximately 29% decrease. Due to the adoption of HKFRS 16, right-of-use asset and lease liabilities in relation to the lease of the main office premises of the Group were recognised under property, plant and equipment and lease liabilities respectively during the Year. This resulted in an increase in depreciation of right-of-use of asset and a similar decrease in rental expenses during 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$74,717,000 (Previous Year: approximately HK$129,106,000) representing an approximately 42% decrease. As mentioned above under gaming commission, the Group revised its gaming commission policy in one of its VIP rooms which effectively lowered the other operating expenses during the Year.

Finance cost

During the Year, finance costs of approximately HK$39,148,000 (Previous Year: approximately HK$32,760,000) represented the interest expenses on the amount due to a shareholder and lease liabilities.

FUTURE PROSPECTS

Financial service segments

The outbreak and continued spread of COVID-19 has added uncertainties to the global and Hong Kong economies. In addition, the United States may pursue claims against China and threaten to impose tariffs on China under the pretext of COVID-19 damages, further intensifying the tension between China and the United States. However, countries have launched large-scale relief measures in terms of fiscal and monetary policies to address the unexpected economic and financial volatilities. Among them, the Federal Reserve made two substantial interest rate cuts respectively on 3 and 15 March, and has announced measures such as unlimited bond purchases.

The People's Bank of China successively cut the reserve requirement ratio in January, March and April of this year, respectively to release market liquidity. At the same time, it introduced more easing measures, including lowering the medium-term lending facility ("MLF") and introducing tax reduction and fee reduction policies, to help small and medium-sized enterprises survive the challenging times. With the COVID-19 epidemic gradually brought under control, Mainland China has begun resumption of work and production. As for the outlook for Mainland China's economic growth performance, it is estimated that gross domestic product (GDP) will bottom out by the end of the year with favorable expectations in the middle- and long-term.

In addition, given the epidemic, fluctuation in the capital markets of Hong Kong is inevitable. However, it is expected that the launch of fiscal relief measures by the Hong Kong SAR Government, the advancement of the "Guangdong-Hong Kong-Macao Greater Bay Area" ("GBA") and the development of the "Belt and Road Initiative" would bring more opportunities for Hong Kong as an international financial hub. The Group will adhere to its prudent management strategy and rigorously deploy and implement development plans in line with market conditions, in order to grasp the opportunities arising from the Hong Kong capital market and the GBA market.

Hotel and Gaming Segments

It is still difficult to assess the negative impact of COVID-19 accurately on Macau's tourism and gaming industry. However, as the epidemic gradually subsides, travelers from Mainland China under the Individual Visit Scheme (IVS) are expected to return. The improvement of infrastructure inside and outside Macau has made it more convenient for tourists to visit Macau. In addition, Macau plans to request the central government to expand the IVS to cover more cities in Mainland China. The Group will regularly review its policy to respond timely to the changing environment and sustain its growth.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

As at 31 March 2020, the shareholders' fund and net current assets of the Group amounted to approximately HK$21,772,853,000 (2019: approximately HK$21,522,041,000) and approximately HK$8,399,385,000 (2019: approximately HK$8,722,658,000) respectively. On the same date, the Group had cash and bank balance of approximately HK$192,918,000 (2019: approximately HK$1,086,523,000) and the current ratio was approximately 1.9 (2019: approximately 1.7).

As at 31 March 2020, the Group had bank borrowings of approximately HK$1,050,000,000 (2019: approximately HK$2,420,000,000), amounts due to shareholders of approximately HK$4,394,523,000 (2019: approximately HK$4,662,264,000), loan from a related company of approximately HK$2,714,146,000 (2019: approximately HK$4,033,342,000) and subordinated loans of approximately HK$700,000,000 (2019: 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 40% (2019: approximately 50%).

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:

	2020					
	HKD	**CNY**	**USD**	**SGD**	**GBP**	**MOP**
	('000)	***('000)***	***('000)***	***('000)***	***('000)***	***('000)***
Cash and bank balances — general account	**166,327**	**9,118**	**173**	**63**	**3**	**14,980**
Bank loan	**1,050,000**	**–**	**–**	**–**	**–**	**–**

	2019					
	HKD	CNY	USD	SGD	GBP	MOP
	('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	–	–	–	–	–

CONTINGENT LIABILITIES

Details of contingent liabilities of the Group as at 31 March 2020 are set out in note 17 to the consolidated 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 2020, the Group had capital commitments of approximately HK$2,395,000 (2019: approximately HK$14,770,000) in respect of acquisition of plant and equipment.

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK1 cent (2019: HK1.5 cents) per Share for the year ended 31 March 2020 ("Final Dividend"), amounting to approximately HK$173,645,000 (2019: approximately HK$260,467,000). 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 22 September 2020 to the Shareholders whose names appear on the register of members of the Company on 8 September 2020.

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 21 August 2020 (Friday)
Latest time to lodge proxy form	11:00 a.m. on 25 August 2020 (Tuesday)
Book close date	24 August 2020 (Monday) to 27 August 2020 (Thursday)
Record date	27 August 2020 (Thursday)
AGM	27 August 2020 (Thursday)

For ascertaining shareholders' entitlement to the proposed Final Dividend

Latest time to lodge transfers	4:30 p.m. on 4 September 2020 (Friday)
Book close date	7 September 2020 (Monday) to 8 September 2020 (Tuesday)
Record date	8 September 2020 (Tuesday)
Final Dividend expected payment date	22 September 2020 (Tuesday)

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 2020, the Group employed a total of approximately 825 (2019: approximately 880) staff. The total staff cost for the Year was approximately HK$253,500,000 (Previous Year: approximately HK$253,327,000). 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 2020, the Group had pledged marketable securities at a value of approximately HK$3,117,000,000 (2019: approximately HK$6,748,981,000) pledged to the Group by margin clients, and certificates of deposit of approximately HK$93,980,000 (2019: approximately HK$93,930,000) 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 with carrying amounts of approximately HK$2,100,000,000 (2019: approximately HK$2,300,000,000);

— shares of two subsidiaries of the Company;

— corporate guarantee from a subsidiary of the Company;

— a charge over operating bank accounts of two subsidiaries of the Company;

— a charge over income and receivables arising from the business operations of two subsidiaries of the Company engaged in the principal activities of hotel and gaming segments.

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.

Due to the outbreak of COVID-19 pandemic since the early of 2020, countries across the globe are taking unprecedented measures to combat the spread of the virus. Restriction on non-essential travel, transportation, traveler quarantine measures and even "lock down" policies impacted the global economy badly. Investment sentiment in the capital has been dampened. Visitation to Macau and its gross gaming revenue recorded very substantial decrease when compared to the Previous Year. This has and will continue to impact the Group's contribution from its business in Macau.

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

COVID-19

The COVID-19 pandemic may continue to have an adverse effect on the group's operating results from business in Macau and it is uncertain when this will end. However, the Group will continue to observe the current market situation and make corresponding measures to sustain our business.

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 2020 have been reviewed by the Audit Committee.

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

During the year ended 31 March 2020, 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 2020.

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 2020.

PUBLICATION OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE

The Company's 2020 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, 30 June 2020

As at the date of this announcement, the executive Directors 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 Mr. Lau Man Tak, Ms. Lo, Miu Sheung Betty and Mr. Chiu Sin Nang, Kenny.