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

(Incorporated in Bermuda with limited liability)
(Stock Code: 01031)

2019
Interim Report

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Chu, Nicholas Yuk-yui *(Chairman)*
Mrs. Chu Yuet Wah
(Chief Executive Officer)
Mr. Chu, Kingston Chun Ho
Mr. Ho Chi Ho

Independent Non-executive Directors

Dr. Wong Yun Kuen
(retired on 29 August 2019)
Mr. Lau Man Tak
Ms. Lo, Miu Sheung Betty
Mr. Chiu Sin Nang, Kenny
(appointed on 29 August 2019)

COMPANY SECRETARY

Mr. Chan Chun Lam

AUDIT COMMITTEE

Mr. Lau Man Tak *(Chairman)*
Dr. Wong Yun Kuen
(retired on 29 August 2019)
Ms. Lo, Miu Sheung Betty
Mr. Chiu Sin Nang, Kenny
(appointed on 29 August 2019)

REMUNERATION COMMITTEE

Ms. Lo, Miu Sheung Betty *(Chairman)*
Dr. Wong Yun Kuen
(retired on 29 August 2019)
Mr. Lau Man Tak
Mr. Chiu Sin Nang, Kenny
(appointed on 29 August 2019)

NOMINATION COMMITTEE

Mr. Chiu Sin Nang, Kenny *(Chairman)*
(appointed on 29 August 2019)
Dr. Wong Yun Kuen
(retired on 29 August 2019)
Mr. Lau Man Tak
Ms. Lo, Miu Sheung Betty

AUDITORS

BDO Limited
25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking
Corporation Limited
The Bank of East Asia, Limited
Chong Hing Bank Limited
Hang Seng Bank Limited
Industrial and Commercial Bank of China
(Macau) Limited

BERMUDA LEGAL ADVISERS

Conyers Dill & Pearman
Room 2901, One Exchange Square
8 Connaught Place, Central
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

72/F, The Center,
99 Queen's Road Central
Central, Hong Kong

PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda (until 18 July 2019)

4th floor North Cedar House
41 Cedar Avenue
Hamilton HM12
Bermuda (effective from 19 July 2019)

BRANCH SHARE REGISTRARS AND TRANSFER OFFICE IN HONG KONG

Tricor Abacus Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong (until 10 July 2019)

Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong (effective from 11 July 2019)

STOCK CODE

1031

WEBSITE

http://www.kingston.com.hk

FINANCIAL HIGHLIGHTS

- Turnover for the six months ended 30 September 2019 decreased by approximately 13% to approximately HK$1,373,861,000 when compared to approximately HK$1,571,468,000 in the corresponding period of last year.

- Profit attributable to the owners of the Company for the six months ended 30 September 2019 decreased by approximately 19% to approximately HK$477,604,000 when compared to approximately HK$592,157,000 in the corresponding period of last year, which was mainly due to an impairment loss on advances to customers in margin financing of approximately HK$307,607,000 made during the period under review.

- Earnings per share for the six months ended 30 September 2019 decreased by approximately 19% to approximately HK2.75 cents when compared to approximately HK3.41 cents in the corresponding period of last year.

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 interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 September 2019 (the "Period").

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

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

The Group's unaudited turnover was approximately HK$1,373,861,000 for the Period, representing a decrease of approximately 13% as compared to approximately HK$1,571,468,000 for the six months ended 30 September 2018 (the "Previous Period").

The unaudited net profit attributable to the owners of Company for the Period amounted to approximately HK$477,604,000, representing a decrease of approximately 19% as compared to approximately HK$592,157,000 for the Previous Period. The decrease was mainly attributed to an impairment loss on advances to customers in margin financing of approximately HK$307,607,000 made during the Period under review. Basic earnings per share for the Period decreased by approximately 19% to approximately HK2.75 cents when compared to approximately HK3.41 cents in the Previous Period.

BUSINESS AND FINANCIAL REVIEW

During the Period, with concerns over the economic outlook amid the ongoing US-China trade war, and the uncertainty over Brexit, global economic growth slowed down. In China, economic figures, such as GDP, PMI and retail sales growth, showed a significant downturn.

As for Hong Kong, investors were staying on the sidelines of the stock market which resulted in curbed trading activities and negative sentiment. In addition, months of large-scale protests as a result of the then extradition bill not only severely hit capital market sentiment, but also sentiment in different economic sectors. Hang Seng Index plunged to a seven-month low in August 2019, and has slumped 14% from its most recent intraday high of 30,280 reached in early April 2019 to 26,092 as at the end of September 2019. Investors were more cautious of the near future economic outlook.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

BUSINESS AND FINANCIAL REVIEW *(Continued)*

During the Period under review, the Group's revenue from its financial services segment dropped by approximately 14% from approximately HK$1,225,044,000 in the Previous Period to approximately HK$1,055,681,000 in the Period.

US-China trade war and situation in Hong Kong have cast a shadow over Macau economy. Macau gaming revenue slumped 8.6% in August 2019 and touched the lowest in the year in September 2019. Hong Kong protests also held back tourist visiting Macau. Revenue from our hotel and gaming business for the Period dropped by approximately 2% and approximately 11% respectively.

Securities Brokerage, Underwriting and Placements

Securities brokerage, underwriting and placement services is one of the main revenue streams of the Group. The Group undertakes the origination, structuring and marketing of placements of equity and equity-related securities. It also provides across-the-board solutions to clients' financing needs. The Group has successfully undertaken the roles of placing agents and underwriters for listed companies in a wide range of industries.

With concerns over the economic outlook amid the ongoing US-China trade war, and the turmoil in Hong Kong, investors stayed extreme cautious and trading activities were curbed significantly. Income from securities brokerage, underwriting and placements segment was affected during the period under review. During the Period, the Group recorded a revenue of approximately HK$23,444,000 in this segment (the Previous Period: approximately HK$111,672,000), representing a significant decrease of approximately 79% as compared to the Previous Period, which also accounted for approximately 2% (the Previous Period: approximately 9%) of the Group's financial service segment revenue and approximately 2% (the Previous Period: approximately 7%) 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.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

BUSINESS AND FINANCIAL REVIEW *(Continued)*

Margin and IPO Financing *(Continued)*

Due to poor market sentiment and uncertainty about the economic outlook, the Group has adopted a more prudent approach in margin and IPO financing business. During the Period, the revenue amounted to approximately HK$1,028,432,000 (the Previous Period: approximately HK$1,080,709,000), which also accounted for approximately 97% (the Previous Period: approximately 88%) of the Group's financial service segment revenue and approximately 74% (the Previous Period: approximately 69%) of the Group's total revenue. The stock market in Hong Kong was volatile over the Period. An impairment loss on advances to customers in margin financing of approximately HK$307,607,000 (Previous Period: approximately HK$1,613,000) was made on a prudent basis after reviewing the relevant margin accounts portfolio and financial positions.

Other Financial Services mainly include 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 financing services to its clients including corporate finance advisory services, futures brokerage and asset management.

The Group holds licence 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.

Similar to other financial services of the Group, the performance of this segment was impacted. Revenue for the Period amount to approximately HK$3,805,000 (the Previous Period: approximately HK$32,663,000), representing a significant decrease of approximately 88%, which also accounted for approximately 1% (the Previous Period: approximately 3%) of the Group's financial service segment revenue and approximately 1% (the Previous Period: approximately 2%) of the Group's total revenue.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

BUSINESS AND FINANCIAL REVIEW *(Continued)*

Hotel Business

In addition to financial services 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.

Macau tourism was also affected by the anti-government protest crisis erupted in June 2019 in Hong Kong. Revenue for the Period amounted to approximately HK$102,475,000 (the Previous Period: approximately HK$104,521,000), representing a decrease of approximately 2% as compared to the Previous Period. Hotel business contributed approximately 32% (the Previous Period: approximately 30%) of the total hotel and gaming business revenue and approximately 7% (the Previous Period: approximately 7%) of the Group's total revenue.

The average occupancy rates of the two hotels, namely Casa Real and Grandview, were approximately 93% (the Previous Period: approximately 91%) and approximately 85% (the Previous Period: approximately 89%) respectively.

Gaming Business

The Group's gaming operation is run by the licence holder Sociedade de Jogos de Macau, S.A. The two casinos continued to provide solid contributions to the Group.

Weakening economy and social unrest in Hong Kong have a negative impact on Macau gaming business. The Group's gaming revenue, including gaming revenue and food and beverage sales in casino, amounted to approximately HK$215,705,000 for the Period, representing a drop of approximately 11% as compared to approximately HK$241,903,000 of the Previous Period. Gaming revenue accounted for approximately 68% (the Previous Period: approximately 70%) of total hotel and gaming business turnover and approximately 16% (the Previous Period: approximately 15%) of the Group's total revenue.

As at 30 September 2019, the Group's gaming operations include 67 (31 March 2019: 64) tables in the two mass market halls, 13 (31 March 2019: 12) tables in the VIP rooms and 239 (31 March 2019: 274) slot machines and 2 (31 March 2019: 70) live baccarat machines in the electronic gaming halls. Live baccarat machines brought additional crowd to the property, achieving synergy with the slot machine business as well.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

BUSINESS AND FINANCIAL REVIEW *(Continued)*

Other Income

Other income during the Period mainly represented handling charges received from securities clients, gain on disposal of fixed assets and other miscellaneous income. The income increased by approximately 10% from approximately HK$13,822,000 in the Previous Period to approximately HK$15,234,000 in the Period. The increase was mainly attributable to a gain on disposal of fixed asset amounted to approximately HK$5,460,000 during the period.

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 in the Previous Period. 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 gain/(loss) on financial assets at fair value through profit or loss

During the Period, the Hong Kong equity market experienced fluctuations. The market value of the financial assets at fair value through profit or loss held by the Group during the Period recorded a revaluation gain of approximately HK$22,377,000 (Previous Period: loss of approximately HK$25,653,000). As at 30 September 2019, the Group was holding financial assets at fair value through profit or loss of approximately HK$190,684,000 (31 March 2019: approximately HK$168,366,000) in market value.

Inventory consumed

Inventory consumed represented the cost of guest supplies and food and beverage consumed upon provision of accommodation and catering services to the customers. During the Period, it amounted to approximately HK$11,319,000 (the Previous Period: approximately HK$11,110,000).

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

BUSINESS AND FINANCIAL REVIEW *(Continued)*

Staff costs

Staff costs amounted to approximately HK$153,344,000 (the Previous Period: approximately HK$148,912,000), representing an approximately 3% increase. The Group reviewed and adjusted compensation and benefits to employee regularly to match market rates. Packages commensurate with employees' qualification 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 expenses of the Group was in line with market level. During the Period under review, the gaming commission amounted to approximately HK$60,950,000 (the Previous Period: approximately HK$48,151,000), representing an approximately 27% increase. The Group revised the gaming commission policy in one of its VIP room which increased the commission but significantly reduced other operating expenses during the Period.

Broker Commission

Broker commission decreased significantly by approximately 74% from approximately HK$13,187,000 in the Previous Period to approximately HK$3,440,000 in the Period. This was in line with the decline in income from securities brokerage, underwriting and placement segment during the Period.

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

During the Period, overall cost of funding increased. The interest expenses for securities brokerage, underwriting and placement, margin and IPO financing operations increased from approximately HK$139,995,000 in the Previous Period to approximately HK$145,050,000 in the Period, representing an approximately 4% increase.

Administrative expenses

Administrative expenses mainly consisted of rent and rates, office management fee, lease expenses, electricity and water, fuel and etc.. During the Period under review, it amounted to approximately HK$47,289,000 (the Previous Period: approximately HK$53,910,000), representing an approximately 12% 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 Period. This resulted in an increase in depreciation of right-of-use of asset and a similar decrease in rental expenses during the Period.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

BUSINESS AND FINANCIAL REVIEW *(Continued)*

Other operating expenses

Other operating expenses mainly represented other operating expenses for gaming facilities, promotion expenses and other hotel room operating expenses. During the Period under review, it amounted to approximately HK$31,599,000 (the Previous Period: approximately HK$64,135,000). As mentioned above under gaming commission section, the Group revised its commission policy which effectively lowered the other operating expenses during the period.

Finance cost

During the Period under review, finance cost of approximately HK$19,788,000 (the Previous Period: approximately HK$15,176,000) represented the interest expenses for the amount due to a shareholder.

FUTURE PROSPECTS

Financial service segments

China and the US have preliminarily agreed to remove some tariffs, showing that they might be moving closer to reach a trade war truce. The Federal Reserve cut interest rates for the third time in November 2019, reversing nearly all of 2018's rate increases as uncertainty from trade war and slowing global economic growth continue to pose risks to the US economy. It was convinced that China government will continue to exert its strength in overall development and growth. China revised the rules to allow onshore investors to buy companies with weighted voting rights in Hong Kong and effective on 28 October 2019, that brought positive effect to the stock market. These acts may provide some insurance against ongoing risks.

Hong Kong's Securities and Futures Commission has issued a new regulatory framework for granting licences to centralised virtual asset trading platforms, with a strong emphasis on protection for investors and their virtual assets. Besides, the investment sentiment is expected to recover upon the positive progress of the development of the Guangdong-Hong Kong-Macao Greater Bay Area ("GBA"). The growth of new business in the GBA region will offer ample opportunities for financial services industry.

Looking forward, the Group will adopt a responsive approach, to prudently deploy and implement development plans that are in line with the market situation. With our strong visibility across the region, the Group is well-poised to grasp the opportunities arising from the existing mature Hong Kong market, as well as the emerging capital market in the GBA.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

FUTURE PROSPECTS *(Continued)*

Hotel and Gaming Segments

The opening of the Hong Kong-Zhuhai-Macao Bridge, new resorts and entertainment facilities will support a healthy development of Macau's economy. 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 30 September 2019, the shareholders' fund and net current assets of the Group amounted to approximately HK$22,042,895,000 (31 March 2019: approximately HK$21,522,041,000) and approximately HK$8,621,154,000 (31 March 2019: approximately HK$8,722,658,000) respectively. On the same date, the Group had cash and bank balance of approximately HK$261,002,000 (31 March 2019: approximately HK$1,086,523,000) and the current ratio was approximately 1.8 (31 March 2019: approximately 1.7).

As at 30 September 2019, the Group had bank borrowings of approximately HK$1,395,000,000 (31 March 2019: approximately HK$2,420,000,000), amounts due to shareholders of approximately HK$4,433,123,000 (31 March 2019: approximately HK$4,662,264,000), loan from a related company of approximately HK$3,511,886,000 (31 March 2019: approximately HK$4,033,342,000) and subordinated loans of approximately HK$700,000,000 (31 March 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 44% (31 March 2019: approximately 50%).

COMMITMENTS AND CONTINGENT LIABILITIES

Details of commitments and contingent liabilities of the Group as at 30 September 2019 are set out in Note 25 to the financial statements.

CAPITAL STRUCTURE

During the six months ended 30 September 2019, no material fluctuation was noted on the Company's overall capital structure.

CAPITAL COMMITMENTS

At 30 September 2019, the Group had capital commitments of approximately HK$1,309,000 (31 March 2019: approximately HK$14,770,000) in respect of acquisition of plant and equipment.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

EMPLOYEES

As at 30 September 2019, the Group employed a total of 833 (31 March 2019: 880) staff. The total staff cost for the Period was approximately HK$153,344,000 (the Previous Period: approximately HK$148,912,000). 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 30 September 2019, the Group had pledged client's securities at a value of approximately HK$5,735,760,000 (31 March 2019: approximately HK$6,748,981,000) pledged to the Group by margin clients, and certificates of deposits at a value of approximately HK$94,294,000 (31 March 2019: a certificate of deposit at a value of approximately HK$93,930,000) to secure certain banking facilities provided to the Group.

In addition, the Group's term loan is secured by:

— the pledge of leasehold land and building held for own use with carrying amounts of approximately HK$2,300,000,000 (31 March 2019: approximately HK$2,300,000,000);

— 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 Period under review.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

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 positions would be taken if considered appropriate.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

RISK MANAGEMENT *(Continued)*

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 service business 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(s) as the Board may authorise, may decide from time to time so as to preserve the value of the Group's Funds and/or achieve capital appreciation.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2019

		Six months ended 30 September	
		2019	2018
		(unaudited)	(unaudited)
	Notes	**HK$'000**	HK$'000
Revenue	3	**1,373,861**	1,571,468
Other income		**15,234**	13,822
		1,389,095	1,585,290
Inventory consumed		**(11,319)**	(11,110)
Staff costs	4	**(153,344)**	(148,912)
Gaming commission		**(60,950)**	(48,151)
Broker commission		**(3,440)**	(13,187)
Interest expenses for securities brokerage, underwriting and placements, margin and IPO financing operations		**(145,050)**	(139,995)
Depreciation		**(76,267)**	(52,064)
Impairment loss on advances to customers in margin financing		**(307,607)**	(1,613)
Written-off of intangible assets	17	**–**	(266,157)
Administrative expenses		**(47,289)**	(53,910)
Other operating expenses		**(31,599)**	(64,135)
		(836,865)	(799,234)
Finance income		**12,618**	8,798
Finance cost	5	**(19,788)**	(15,176)
Fair value gain/(loss) on financial assets at fair value through profit or loss		**22,377**	(25,653)
Exchange gain		**468**	1,907
		15,675	(30,124)
Profit before taxation	6	**567,905**	755,932
Taxation	7	**(91,069)**	(160,407)
Profit for the period		**476,836**	595,525

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2019

	Notes	**Six months ended 30 September 2019 (unaudited) HK$'000**	Six months ended 30 September 2018 (unaudited) HK$'000
Profit for the period		**476,836**	595,525
Other comprehensive income			
Item that will not be reclassified to profit or loss:			
Surplus on revaluation of leasehold land and buildings	10	**43,250**	39,101
Item that may be reclassified subsequently to profit or loss:			
Change in fair value of financial assets at fair value through other comprehensive income		**–**	(167)
Other comprehensive income for the period, net of tax		**43,250**	38,934
Total comprehensive income for the period		**520,086**	634,459
Profit for the period attributable to:			
Owners of the Company		**477,604**	592,157
Non-controlling interests		**(768)**	3,368
		476,836	595,525
Total comprehensive income attributable to:			
Owners of the Company		**520,854**	631,091
Non-controlling interests		**(768)**	3,368
		520,086	634,459
Earnings per share (cents per share)	9		
— Basic		**2.75**	3.41
— Diluted		**2.75**	3.41

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the six months ended 30 September 2019

	Notes	30 September 2019 (unaudited) HK$'000	31 March 2019 (audited) HK$'000
Non-current assets			
Property, plant and equipment	10	**3,147,925**	3,043,862
Statutory deposit for financial services business		**4,151**	4,072
Goodwill	11	**10,996,683**	10,996,683
		14,148,759	14,044,617
Current assets			
Inventories	12	**2,326**	2,488
Financial assets at fair value through other comprehensive income	13	**140**	140
Financial assets at fair value through profit or loss		**190,684**	168,366
Advances to customers in margin financing	14	**17,794,443**	18,252,042
Trade and other receivables	15	**132,218**	212,979
Tax recoverable		**159,267**	154,012
Cash and bank balances — held on behalf of customers	16	**1,489,024**	1,371,749
Cash and bank balances — general accounts		**261,002**	1,086,523
		20,029,104	21,248,299
Current liabilities			
Trade and other payables	18	**1,679,520**	1,657,540
Amounts due to shareholders	19	**4,433,123**	4,662,264
Loan from a related company	20	**3,511,886**	4,033,342
Subordinated loans	21	**700,000**	700,000
Bank loans	22	**960,000**	1,420,000
Lease liabilities		**35,837**	–
Tax payable		**87,584**	52,495
		11,407,950	12,525,641

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the six months ended 30 September 2019

	Notes	30 September 2019 (unaudited) HK$'000	31 March 2019 (audited) HK$'000
Net current assets		**8,621,154**	8,722,658
Total assets less current liabilities		**22,769,913**	22,767,275
Non-current liabilities			
Lease liabilities		**45,217**	–
Bank loans	22	**435,000**	1,000,000
Deferred tax liabilities		**223,970**	221,635
Total non-current liabilities		**704,187**	1,221,635
Total liabilities		**12,112,137**	13,747,276
Net assets		**22,065,726**	21,545,640
Capital and reserves			
Share capital — ordinary shares	23	**272,290**	272,290
Share capital — non-redeemable convertible preference shares	23	**75,000**	75,000
Reserves		**21,695,605**	21,174,751
Total equity attributable to owners of the Company		**22,042,895**	21,522,041
Non-controlling interests		**22,831**	23,599
Total equity		**22,065,726**	21,545,640

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2019

	Attributable to owners of the Company												
	Share capital – ordinary shares	Share capital – non-redeemable convertible preference shares	Share premium account	Capital redemption reserve	Contributed surplus	Property revaluation reserve	Investment revaluation reserve	FVOCI reserve	Exchange fluctuation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2018 (audited) as originally presented	272,290	75,000	11,739,980	466	814	1,414,601	1,322	–	(23,169)	7,142,450	20,623,754	15,606	20,639,360
Initial application of HKFRS 9 (Note 2)	–	–	–	–	–	–	(1,322)	1,322	–	(10,640)	(10,640)	–	(10,640)
Restated balance at 1 April 2018	272,290	75,000	11,739,980	466	814	1,414,601	–	1,322	(23,169)	7,131,810	20,613,114	15,606	20,628,720
Profit for the period	–	–	–	–	–	–	–	–	–	592,157	592,157	3,368	595,525
Other comprehensive income for the period	–	–	–	–	–	39,101	–	(167)	–	–	38,934	–	38,934
Total comprehensive income for the period	–	–	–	–	–	39,101	–	(167)	–	592,157	631,091	3,368	634,459
Realised upon depreciation based on revalued amount of land and building	–	–	–	–	–	(21,982)	–	–	–	21,982	–	–	–
Payment of dividend	–	–	–	–	–	–	–	–	–	(347,290)	(347,290)	–	(347,290)
At 30 September 2018 (unaudited)	272,290	75,000	11,739,980	466	814	1,431,720	–	1,155	(23,169)	7,398,659	20,896,915	18,974	20,915,889
At 1 April 2019 (audited) as originally presented	**272,290**	**75,000**	**11,739,980**	**466**	**814**	**1,625,317**	**-**	**1,052**	**(23,169)**	**7,830,291**	**21,522,041**	**23,599**	**21,545,640**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**477,604**	**477,604**	**(768)**	**476,836**
Other comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**43,250**	**-**	**-**	**-**	**-**	**43,250**	**-**	**43,250**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**43,250**	**-**	**-**	**-**	**477,604**	**520,854**	**(768)**	**520,086**
Realised upon depreciation based on revalued amount of land and building	**-**	**-**	**-**	**-**	**-**	**(26,131)**	**-**	**-**	**-**	**26,131**	**-**	**-**	**-**
At 30 September 2019 (unaudited)	**272,290**	**75,000**	**11,739,980**	**466**	**814**	**1,642,436**	**-**	**1,052**	**(23,169)**	**8,334,026**	**22,042,895**	**22,831**	**22,065,726**

Note: The Group has initially applied HKFRS 16 at 1 April 2019 using the modified retrospective approach. Under this approach, comparative information was not restated as detailed in Note 2.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2019

	Six months ended 30 September	
	2019	2018
	(unaudited)	(unaudited)
	HK$'000	HK$'000
Cash flows from operating activities	**1,010,486**	730,449
Cash flows from investing activities		
Payment for the purchase of property, plant and equipment	**(37,470)**	(7,429)
Interest received	**12,618**	8,798
Dividend received	**461**	293
Net cash (used in)/from investing activities	**(24,391)**	1,662
Cash flows from financing activities		
Decrease in amounts due to shareholders	**(229,141)**	(23,000)
Decrease in loan from a related company	**(521,456)**	(845,856)
Repayment of principal portion of the lease liabilities	**(16,231)**	–
(Repayment)/Proceed of bank borrowings	**(1,025,000)**	719,300
Interest paid	**(19,788)**	(15,176)
Dividend paid	**–**	(347,275)
Net cash used in financing activities	**(1,811,616)**	(512,007)
Net (decrease)/increase in cash and cash equivalents	**(825,521)**	220,104
Cash and cash equivalents at beginning of period	**1,086,523**	395,793
Cash and cash equivalents at end of period	**261,002**	615,897

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 address of the Company's registered office and its principal place of business are disclosed in the "Corporate Information" section of the interim report.

The Company and its subsidiaries are hereinafter collectively referred to as the "Group". The principal activity of the Company continues to be investment holding.

The principal activities of the Group are described in Note 3.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

These unaudited interim condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34"), issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). These unaudited interim condensed consolidated financial statements were authorised for issue on 28 November 2019.

These unaudited interim condensed consolidated financial statements have been prepared with the same accounting policies adopted in the Group's annual consolidated financial statements for the year ended 31 March 2019, except for the adoption of new and revised Standards, Amendments and Interpretations ("new/revised HKFRSs") issued by the HKICPA, which are effective for accounting periods beginning on or after 1 April 2019, noted below:

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

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Continued)*

The impact of the adoption of HKFRS 16 Leases (see Note 2 below) has been summarised in below. The other new or amended HKFRSs that are effective from 1 April 2019 did not have any material impact on the amounts reported in these unaudited interim condensed consolidated financial statements and/or disclosure set out in these unaudited interim condensed consolidated financial statements.

The preparation of these unaudited interim condensed consolidated financial statements in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. The areas where significant judgements and estimates have been made in preparing the financial statements.

These unaudited interim condensed consolidated financial statements are presented in thousands of units of Hong Kong Dollars ("HK$'000"), unless otherwise stated. These unaudited interim condensed consolidated financial statements contain unaudited condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2019 annual financial statements. These unaudited interim condensed consolidated financial statements and notes do not include all of the information required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (the "HKFRSs") and should be read in conjunction with the 2019 consolidated financial statements.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Continued)*

(i) Impacts of adoption of HKFRS 16 Leases

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 (SIC)-Int 15 Operating Leases — Incentives and HK (SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. From a lessee's perspective, almost all leases are recognised in the statement of financial position as a right of-use assets and a lease liabilities, 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 and the transition method adopted by the Group as allowed under HKFRS 16, please refer to section (ii) to (v) of this note.

The Group has applied HKFRS 16 using the cumulative effect approach and recognised all the cumulative effect of initially applying HKFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application. The comparative information presented in 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 following tables summarised the impact of transition to HKFRS 16 on statement of financial position as of 31 March 2019 to that of 1 April 2019 are summarised as follows (increase/(decrease)):

	HK$'000
Statement of financial position as at 1 April 2019	
Right-of-use assets presented in property, plant and equipment	97,286
Lease liabilities (non-current)	61,449
Lease liabilities (current)	35,837

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Continued)*

(i) Impacts of adoption of HKFRS 16 Leases *(Continued)*

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

	HK$'000
Reconciliation of operating lease commitment to lease liabilities	
Operating lease commitment as of 31 March 2019	105,494
Less: future interest expenses	(8,208)
Total lease liabilities as of 1 April 2019	97,286
Of which are:	
Current lease liabilities	35,837
Non-current lease liabilities	61,449
	97,286

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

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Continued)*

(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.

(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 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 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. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Continued)*

(iii) Accounting as a lessee *(Continued)*

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

Right-of-use asset

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. Except for right-of-use asset that meets the definition of an investment property or a class of property, plant and equipment to which the Group applies the revaluation model, the Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulate depreciation and any impairment losses, and adjusted for any remeasurement of lease liability. For right-of-use asset that meets the definition of an investment property, they are carried at fair value and for right-of-use asset that meets the definition of a leasehold land and buildings held for own use, they are carried at fair value.

For the Group, leasehold land and buildings that were held for rental or capital appreciation purpose would continue to be accounted for under 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 and would be carried at fair value. 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 it 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.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Continued)*

(iii) Accounting as a lessee *(Continued)*

Lease liability

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 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.

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 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, a lessee 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.

(iv) Accounting as a lessor

The Group has leased out its investment property to a number of tenants. 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 condensed consolidated interim financial statements.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Continued)*

(v) Transition

As mentioned above, the Group has applied HKFRS 16 using the cumulative effect approach and recognized all the cumulative effect of initially applying HKFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application (1 April 2019). The comparative information presented in 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 applying HKAS 17 and measured those lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 April 2019.

The Group has elected to recognise all the right-of-use assets at 1 April 2019 for leases previously classified operating leases under HKAS 17 as if HKFRS 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application. For all these right-of-use assets, the Group has applied HKAS 36 Impairment of Assets at 1 April 2019 to assess if there was any impairment as on that date.

The Group has also applied the follow practical expedients: (i) applied a single discount rate to a portfolio of leases with reasonably similar characteristics; and (ii) used hindsight in determining the lease terms if the contracts contain options to extend or terminate the leases.

In addition, the Group has also applied the practical expedients such that: (i) HKFRS 16 is applied to all of the Group's lease contracts that were previously identified as leases applying HKAS 17 and HK (IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and (ii) not to apply HKFRS 16 to contracts that were not previously identified as containing a lease under HKAS 17 and HK (IFRIC)-Int4.

3 SEGMENTAL INFORMATION

For management purposes, the Group is organised into business units based on their services, and has seven (six months ended 30 September 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 casino run by the licence holder Sociedade de Jogos de Macau, S.A. ("SJM") in hotels.

3 SEGMENTAL INFORMATION *(Continued)*

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 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.

3 SEGMENTAL INFORMATION *(Continued)*

Operating segments

The following tables represent segment information of the Group provided to the Group's management for the six months ended 30 September 2019 and 2018, respectively.

For the six months ended 30 September 2019 (unaudited)

	Securities brokerage, underwriting and placements HK$'000	Margin and IPO financing HK$'000	Other financial services HK$'000	Financial services business HK$'000	Hotel ownership and management HK$'000	Food and beverage HK$'000	Gaming HK$'000	Securities investment HK$'000	Total HK$'000
Segment revenue									
External customers	23,444	1,028,432	3,805	1,055,681	87,836	14,639	215,705	-	1,373,861
Inter-segment	-	-	-	-	29,701	-	5,415	-	35,116
	23,444	1,028,432	3,805	1,055,681	117,537	14,639	221,120	-	1,408,977
Adjusted EBITDA	22,020	531,804	(4,054)	549,770	77,832	(6,178)	57,858	22,823	702,105
Segment Assets				30,441,145	2,447,804	422,814	533,596	190,684	34,036,043
Capital Expenditure				36,291	710	114	355	-	37,470
Segment Liabilities				7,517,994	241,897	11,142	73,648	-	7,844,681

For the six months ended 30 September 2018 (unaudited)

	Securities brokerage, underwriting and placements HK$'000	Margin and IPO financing HK$'000	Other financial services HK$'000	Financial services business HK$'000	Hotel ownership and management HK$'000	Food and beverage HK$'000	Gaming HK$'000	Securities investment HK$'000	Total HK$'000
Segment revenue									
External customers	111,672	1,080,709	32,663	1,225,044	90,817	13,704	241,903	–	1,571,468
Inter-segment	–	–	–	–	28,752	–	4,292	–	33,044
	111,672	1,080,709	32,663	1,225,044	119,569	13,704	246,195	–	1,604,512
Adjusted EBITDA	102,874	900,351	24,857	1,028,082	79,645	(5,687)	67,164	(25,372)	1,143,832
Segment Assets				33,723,958	2,390,948	355,061	441,601	167,268	37,078,836
Capital Expenditure				–	2,430	362	4,637	–	7,429
Segment Liabilities				11,981,771	214,469	12,579	50,763	–	12,259,582

3 SEGMENTAL INFORMATION *(Continued)*

As the assets and liabilities of financial services segments, including securities brokerage, underwriting and placements, margin and IPO financing and other financial services, are regularly reviewed by the directors of the Company in total for the Group as a whole, the measure of total assets and liabilities by each operating segments under financial services business is therefore not presented.

4 STAFF COSTS

	Six months ended 30 September	
	2019	2018
	(unaudited)	(unaudited)
	HK$'000	HK$'000
Staff costs (including directors' remuneration)		
— salaries, wages and other benefits	**152,676**	148,249
— contributions to defined contribution retirement plan	**668**	663
	153,344	148,912

5 FINANCE COST

	Six months ended 30 September	
	2019	2018
	(unaudited)	(unaudited)
	HK$'000	HK$'000
Interest on amount due to a shareholder	**17,675**	15,176
Interest expenses on lease liabilities	**2,113**	–
	19,788	15,176

6 PROFIT BEFORE TAXATION

The profit before taxation has been arrived at after charging/(crediting) the following:

	Six months ended 30 September	
	2019	2018
	(unaudited)	(unaudited)
	HK$'000	HK$'000
Operating lease charges	**7,489**	17,238
Depreciation of right-of-use assets	**18,344**	–
Bad debts recovery	**–**	(65)

7 TAXATION

	Six months ended 30 September	
	2019	2018
	(unaudited)	(unaudited)
	HK$'000	HK$'000
Current tax:		
Hong Kong profits tax	**93,466**	162,034
Macau Complementary Tax	**1,166**	1,371
Deferred tax	**(3,563)**	(2,998)
	91,069	160,407

Hong Kong profits tax has been provided for six months ended 30 September 2019 and 2018 at a rate of 16.5%.

Macau Complementary Tax has been provided for the six months ended 30 September 2019 and 2018 at a rate of 12%. Details of contingent liabilities for Macau Complementary Tax are disclosed in note 25.

8 DIVIDENDS

The board has resolved not to declare any interim dividend for the six months ended 30 September 2019 (six months ended 30 September 2018: Nil).

Dividend attributable to the previous financial year and approved during the period were as follows:

	Six months ended 30 September 2019 HK$'000
Final dividend of HK1.5 cents per share	**260,500**

Dividend attributable to the previous financial year, approved and paid during the period were as follows:

	Six months ended 30 September 2018 HK$'000
Final dividend in respect to previous financial year	347,290

9 EARNINGS PER SHARE

	Six months ended 30 September	
	2019 (unaudited) HK cent	2018 (unaudited) HK cent
Basic earnings per share	**2.75**	3.41
Diluted earnings per share	**2.75**	3.41

9 EARNINGS PER SHARE *(Continued)*

(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:

	Six months ended 30 September 2019 (unaudited) HK$'000	2018 (unaudited) HK$'000
Profit for the purpose of basic earnings per share	**477,604**	592,157

	Six months ended 30 September 2019 (unaudited)	2018 (unaudited)
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 six months ended 30 September 2019 and 2018.

10 PROPERTY, PLANT AND EQUIPMENT

The Group has initially applied HKFRS 16 using the full retrospective method and adjusted the opening balances at 1 April 2019 to recognise right-of-use assets relating to leased land and buildings and office equipment which were previously classified as operating leases under HKAS 17. The right-of-use assets amounted to approximately HK$78,941,000 were recognised as at 30 September 2019.

As at 30 September 2019, the directors considered that the fair value of the Group's leasehold land and buildings for own use was approximate to the valuation amounts as at 31 March 2019 for which the valuations were carried out by an independent valuer AA Property Services Limited. During the period under review, in the opinion of directors, there were no changes in valuation techniques for their assessment and such techniques were consistent with those adopted in the preparation of the Group's annual report for the year ended 31 March 2019.

During the period under review, the after tax revaluation surplus of approximately HK$43,250,000 (six months ended 30 September 2018: revaluation surplus approximately HK$39,101,000) has been recognised in other comprehensive income and accumulated in the property revaluation reserve of the Group.

During the period under review, the Group's acquisition of property, plant and equipment amounted to approximately HK$37,470,000 (six months ended 30 September 2018: approximately HK$7,429,000).

11 GOODWILL

	30 September 2019 (unaudited) HK$'000	31 March 2019 (audited) HK$'000
Carrying amount of goodwill	**10,996,683**	10,996,683

The carrying amount of goodwill relating to the cash-generating units engaged in securities dealings, underwriting and placements, margin and IPO financing services and corporate finance advisory services are HK$3,628,905,000, HK$7,148,237,000 and HK$219,541,000 respectively. For the purposes of the goodwill impairment test, its recoverable amount cash-generating units was determined based on a value in use calculation, covering a detailed 5-year budget plan plus an extrapolated cash flow projections applying a steady growth rate subsequent to this 5-year plan, with a discount rate of approximately 10.72%.

As at 31 March 2019, The Directors performed an impairment test for the goodwill. The recoverable amount for the cash-generating units engaged in securities dealings, underwriting and placements, margin and IPO financing services and corporate finance advisory services are HK$4,152,520,000, HK$24,819,004,000 and HK$430,342,000 respectively.

The key assumptions used in the budget plan are:

(i) the annual growth rates of revenue were estimated ranging from 3% to 9%, 3% to 7% and 3% to 8% for securities services, margin and IPO financing and corporate finance advisory services respectively throughout the 5-year budget plan. Cash flow beyond the five-year period are extrapolated using an estimated growth rate of 3%.

(ii) that gross margins will be maintained at their current levels throughout the 5-year budget plan.

The Group management's key assumptions have been determined based on past performance and its expectations for the market's development. The discount rates used are pre-tax and reflect specific risks relating to the relevant businesses.

11 GOODWILL *(Continued)*

Apart from the considerations described in determining the value in use of the cash-generating units above, the Group's management is not currently aware of any other probable changes that would necessitate changes in its key estimates.

The directors concluded that the CGUs demonstrate sufficient cashflow projections that justify the carrying value of the goodwill, accordingly, no impairment loss is provided for the six months ended 30 September 2019 (2018: Nil).

12 INVENTORIES

	30 September 2019 (unaudited) HK$'000	31 March 2019 (audited) HK$'000
Food and beverage and hotel operating supplies	**2,326**	2,488

13 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 September 2019 (unaudited) HK$'000	31 March 2019 (audited) HK$'000
Investment funds, at fair value	**140**	140

The financial assets at fair value through other comprehensive income are denominated in United States dollars and there is no public market for the investments. The fair value is based on net asset value of the investment funds at the end of the reporting period. During the period ended 30 September 2019, no change in fair value.

14 ADVANCES TO CUSTOMERS IN MARGIN FINANCING

	30 September 2019 (unaudited) HK$'000	31 March 2019 (audited) HK$'000
Directors of subsidiaries and their associates	**8**	85
Other margin financing customers	**19,087,803**	19,237,718
Less: Allowance for doubtful debt	**(1,293,368)**	(985,761)
	17,794,443	18,252,042

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

	30 September 2019 (unaudited) HK$'000	31 March 2019 (audited) HK$'000
At the beginning of the period/year	**985,761**	496,487
Impact of adopting HKFRS 9	**–**	9,863
Impairment loss recognised	**307,607**	479,411
At the end of the period/year	**1,293,368**	985,761

Advances to customers in margin financing are repayable on demand and carry interest at approximately Hong Kong Dollar Prime rate plus 3%. Margin clients are required to pledge securities collateral to the Group in order to obtain credit facilities for securities trading. The amount of credit facilities granted to them is determined by the discounted value of securities accepted by the Group. At 30 September 2019, total market value of securities pledged as collateral in respect of the loan to margin clients was approximately HK$45,309,253,000 (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.

15 TRADE AND OTHER RECEIVABLES

	30 September 2019 (unaudited) HK$'000	31 March 2019 (audited) HK$'000
Trade receivables from financial services segments	**21,864**	80,039
Trade receivables from hotel and gaming segments	**66,336**	64,027
Other receivables, deposits and prepayments	**44,018**	68,913
	132,218	212,979

Trade receivables from financial services segments

	30 September 2019 (unaudited) HK$'000	31 March 2019 (audited) HK$'000
Accounts receivable arising from the ordinary course of business of dealing in securities:		
Cash clients	**11,407**	4,913
Clearing House	**–**	62,315
Brokers and dealers	**143**	638
Accounts receivable arising from the ordinary course of business of dealing in futures contracts:		
Clearing house	**7,145**	7,754
Accounts receivable arising from the ordinary course of business of provision of:		
Corporate finance advisory services	**3,275**	4,830
Total	**21,970**	80,450
Less: Allowance for doubtful debt	**(106)**	(411)
	21,864	80,039

15 TRADE AND OTHER RECEIVABLES *(Continued)*

Trade receivables from financial services segments *(Continued)*

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 trade date. All trade receivables 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.

Trade receivables 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 trade receivables in order to minimise credit risk. Overdue balances are regularly monitored by management.

No ageing analysis is disclosed for trade receivables from financial services segments as, in the opinion of the directors, an ageing analysis is not meaningful in view of the business nature of securities dealings.

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:

	30 September 2019 (unaudited) HK$'000	31 March 2019 (audited) HK$'000
0–30 days	**45,868**	59,931
31–60 days	**4,004**	1,852
61–90 days	**523**	75
Over 90 days	**39,627**	25,855
	90,022	87,713
Allowance for doubtful debt	**(23,686)**	(23,686)
	66,336	64,027

16 CASH AND BANK BALANCES HELD ON BEHALF OF CUSTOMERS

The Group maintains segregated trust accounts with authorised institutions to hold clients' monies arising from its normal course of business. The Group has classified the clients' monies as cash and bank balances held on behalf of customers under the current assets section of the condensed consolidated statement of financial position and recognised the corresponding accounts payable (Note 18) to respective clients on the grounds that it is liable for any loss or misappropriation of clients' monies. The cash held on behalf of customers is restricted and governed by the Securities and Futures (Client Money) Rules under the Securities and Futures Ordinance.

17 INTANGIBLE ASSETS

As at 1 April 2018, the Group had intangible assets represented the costs of the 15 subsurface mineral leases which were transferred from 15 permits 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 minerals in mining Elk Point, Saskatchewan, Canada with area of approximately 3,989.95 square kilometers.

The intangible asset was 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 of approximately HK$266,157,000 during the six months ended 30 September 2018.

18 TRADE AND OTHER PAYABLES

	30 September 2019 (unaudited) HK$'000	31 March 2019 (audited) HK$'000
Trade payables from financial services segments	**1,511,317**	1,479,285
Trade payables from hotel and gaming segments	**11,770**	15,705
Other payables and accruals	**156,433**	162,550
	1,679,520	1,657,540

18 TRADE AND OTHER PAYABLES *(Continued)*

Trade payables from financial services segments

	30 September 2019 (unaudited) HK$'000	31 March 2019 (audited) HK$'000
Trade payables arising from the ordinary course of business of dealing in securities:		
Cash clients	**985,334**	464,423
Margin clients	**499,419**	998,381
	1,484,753	1,462,804
Dividend payable to clients	**2,618**	2
Clearing house	**10,198**	–
Trade payables arising from the ordinary course of business of dealing in futures contracts:		
Clients	**13,716**	16,419
Trade payables arising from the ordinary course of business of provision of:		
Corporate finance advisory services	**32**	60
	1,511,317	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 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.

18 TRADE AND OTHER PAYABLES *(Continued)*

Trade payables from hotel and gaming segments

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

	30 September 2019 (unaudited) HK$'000	31 March 2019 (audited) HK$'000
0–30 days	**10,315**	9,680
31–60 days	**192**	3,208
61–90 days	**1,076**	380
Over 90 days	**187**	2,437
	11,770	15,705

As at the 30 September 2019, included in trade and other payables was an amount of approximately HK$1,489,024,000 (31 March 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.

19 AMOUNTS DUE TO SHAREHOLDERS

	Notes	**30 September 2019 (unaudited) HK$'000**	31 March 2019 (audited) HK$'000
Better Sino Limited	(a)	**1,190,000**	1,190,000
Mrs. Chu Yuet Wah	(b)	**3,243,123**	3,472,264
		4,433,123	4,662,264

19 AMOUNTS DUE TO SHAREHOLDERS *(Continued)*

(a) The amount is non-interest bearing, unsecured and repayable on demand.

(b) Included in the amount is a loan of HK$1,010,000,000 (31 March 2019: HK$1,010,000,000) which is unsecured, interest bearing at the rate of 3.5% per annum and repayable on the third anniversary of drawdown (i.e. on or before 31 March 2020). This loan is subject to review at anytime and to the lender's overriding right of withdrawal and immediate repayment on demand. The remaining balance of HK$2,233,123,000 (31 March 2019: HK$2,462,264,000) is unsecured, interest bearing at the rate of 3.5% per annum and repayable on demand.

20 LOAN FROM A RELATED COMPANY

The loan is due to Kingston Finance Limited which has common directors and shareholders with the Group. The loan is unsecured, interest bearing at the rate of 3.5% per annum and repayable on demand.

21 SUBORDINATED LOANS

	Draw date	Terms	**30 September 2019 (unaudited) HK$'000**	31 March 2019 (audited) HK$'000
Loan from Mr. Lee Wai Man	30 Jan 2004	P+1%	**250,000**	250,000
	20 Feb 2004	1.5%	**150,000**	150,000
Revolving loan from Mrs. Chu Yuet Wah	24 May 2010	1.5%	**300,000**	300,000
			700,000	700,000

The subordinated loans of the Group are interest bearing, unsecured and repayable on demand.

22 BANK LOANS

	Notes	30 September 2019 (unaudited) HK$'000	31 March 2019 (audited) HK$'000
Secured bank loans:			
Money market loans and revolving loans	(a)	**930,000**	1,300,000
Term loans	(b)	**465,000**	1,120,000
		1,395,000	2,420,000
Repayable:			
Within one year		**960,000**	1,420,000
More than one year, but not exceeding two years		**35,000**	120,000
More than two years, but not exceeding five years		**400,000**	440,000
After five years		**–**	440,000
		1,395,000	2,420,000
Amount due within one year included in current liabilities		**(960,000)**	(1,420,000)
Amount due after one year		**435,000**	1,000,000

22 BANK LOANS *(Continued)*

(a) The bank loans of the Group were secured by marketable securities of approximately HK$5,735,760,000 (31 March 2019: HK$6,748,981,000) pledged to the Group by margin clients, and certificates of deposits at a value of approximately HK$94,294,000 (31 March 2019: a certificate of deposits at a value of approximately HK$93,930,000). The bank loans bear floating interest rates ranging from 1.16% to 4.59% per annum (31 March 2019: 0.81% to 4.35%).

(b) The term loan of HK$465,000,000 (31 March 2019: HK$1,120,000,000), bearing floating interest rates ranging from 3.55% to 4.53% per annum (31 March 2019: 2.86% to 3.32%) were secured by:

— the pledge of leasehold land and building held for own use with carrying amounts of approximately HK$2,300,000,000 (31 March 2019: HK$2,300,000,000);

— 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.

23 SHARE CAPITAL

	30 September 2019 (unaudited) Number of shares	Amount HK$'000	31 March 2019 (audited) Number of shares	Amount HK$'000
Ordinary shares of HK$0.02 each				
Authorised:				
At 31 March 2019, 1 April 2019 and 30 September 2019	**24,750,000,000**	**495,000**	24,750,000,000	495,000
Issued and fully paid:				
At 1 April 2019/2018	**13,614,480,666**	**272,290**	13,614,480,666	272,290
At 30 September 2019/ 31 March 2019	**13,614,480,666**	**272,290**	13,614,480,666	272,290
Non-redeemable convertible preference shares of HK$0.02 each				
Authorised:				
At 31 March 2019, 1 April 2019 and 30 September 2019	**5,250,000,000**	**105,000**	5,250,000,000	105,000
Issued and fully paid:				
At 1 April 2019/2018	**3,750,000,000**	**75,000**	3,750,000,000	75,000
At 30 September 2019/ 31 March 2019	**3,750,000,000**	**75,000**	3,750,000,000	75,000

24 CAPITAL MANAGEMENT

The Group manages its capital to ensure that the group companies will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of subordinated loans, loan from a related company, amounts due to shareholders, bank loans and equity attributable to owners of the Company, comprising paid up share capital and reserves. The directors of the Group review the capital structure regularly. As part of this review, the directors consider the cost and the risks associated with each class of the capital.

Based on the recommendation of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

Several subsidiaries of the Group (the "Regulated Subsidiaries") are registered with Hong Kong Securities and Futures Commission ("SFC") for the business they operate in. The Regulated Subsidiaries are subject to liquid capital requirements under Hong Kong Securities and Futures (Financial Resources) Rules ("SF(FR)R") adopted by the SFC. Under the SF(FR)R, the Regulated Subsidiaries must maintain their liquid capital (assets and liabilities adjusted as determined by SF(FR)R) in excess of statutory floor requirement or 5% of their total adjusted liabilities, whichever is higher. The required information is filed with the SFC on a regular basis and the Group has complied with those requirements during the period under review.

25 COMMITMENTS AND CONTINGENT LIABILITIES

	30 September 2019 (unaudited) HK$'000	31 March 2019 (audited) HK$'000
Expenditure contracted but not provided for in respect of:		
— Property, plant and equipment	**1,309**	14,770

The Group's wholly owned subsidiary Good Start Group Limited received tax notices issued by Macau Financial Services Bureau dated 29 April 2014 and18 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 objection to appeal against the aforesaid notices according to stipulated appeal procedures. The Review Committee of Macau Financial Services Bureau (the "Committee") issued their decisions to reject all appeals by the Group in relation to the aforesaid Macau Complementary Tax payable.

25 COMMITMENTS AND CONTINGENT LIABILITIES *(Continued)*

After receiving the final decision of the Committee on their rejection of the Group's appeal, the Group made the tax payment according to stipulated regulation requirement before making further appeal in 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 submitted 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. The Group received favourable court decisions and won all the cases. However, subsequent to the court's decisions 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. Accordingly, the Group filed further appeals to seek court's assistance for refund of overpaid tax.

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.

On 29 August 2019, the Macau Financial Services Bureau refunded overpaid tax of approximately HK$1,300,000 to Target All Investments Limited for the aforementioned year of assessment 2011.

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 Company had no other material contingent liabilities at the end of the reporting period.

26 OPERATING LEASE COMMITMENT

The Group leases its land and buildings under operating lease arrangements, and the terms of the leases range from one to ten years and the leases are repayable in fixed monthly installments. The lease agreements are renewable at the end of the respective lease terms. There is no arrangement for contingent rent payments.

At 30 September 2019, the Group had total future minimum lease receivable under non-cancellable operating leases which fall due as follows:

	30 September 2019 (unaudited) HK$'000	31 March 2019 (audited) HK$'000
Within one year	**12,204**	11,749
After one year but within five years	**27,426**	32,176
	39,630	43,925

27 SHARE-BASED PAYMENT TRANSACTIONS

At the annual general meeting of the Company held on 20 August 2013, shareholders of the Company have adopted a new share option scheme (the "Share Option Scheme").

Pursuant to the Share Option Scheme, the total numbers of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme adopted by the Company must not in aggregate exceed 10% of the aggregate of the shares of the Company in issue on the date of adoption. The Company may renew this 10% limit with shareholders' approval provided that such renewal may not exceed 10% of the shares in the Company in issue as at the date of the shareholders' approval.

The total number of shares of the Company which may be issued upon exercise of all outstanding options to be granted and yet to be exercised under the Share Option Scheme and all outstanding options granted and yet to be exercised under any other share option scheme adopted by the Company should not exceed 30% of the shares in issue from time to time.

27 SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

Unless approved by the shareholders of the Company in general meeting, the total number of shares of the Company issued and to be issued upon the exercise of the options granted to each participant (including both exercised and unexercised options) under the Share Option Scheme and any other share option schemes adopted by the Company in any 12-month period must not exceed 1% of the shares of the Company in issue.

The period within which the options must be exercised will be specified by the Company at the time of grant. This period must expire no later than 10 years from the date of grant of the options. The exercise of options may also be subject to any conditions imposed by the Company at the time of offer.

The subscription price for the shares of the Company to be issued upon exercise of the options shall be no less than the higher of (i) the closing price of the shares of the Company as stated in the daily quotation sheets issued by the Stock Exchange on the date of grant; (ii) the average closing price of the shares of the Company as stated in the daily quotation sheets issued by the Stock Exchange of Hong Kong Limited for the five business days immediately preceding the date of grant; and (iii) the nominal value of the share of the Company on the date of grant. The subscription price will be approved by the board of directors at the time the option is offered to the participants.

For the period ended 30 September 2019 and 2018, the Company had no share option being granted, outstanding, lapsed or cancelled pursuant to the Share Option Scheme.

28 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key Management Personnel Remuneration

Remuneration for key management personnel, including amounts paid to the Company's directors is as follows:

	Six months ended 30 September	
	2019	2018
	(unaudited)	(unaudited)
	HK$'000	HK$'000
Short-term employee benefits	**53,936**	68,478
Post-employment benefits	**45**	45
	53,981	68,523

Total remuneration is included in "Staff costs" (Note 4).

28 MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(b) In Addition to the Transactions and Balances Disclosed Elsewhere in the Unaudited Interim Condensed Consolidated Financial Statements, during the Period, the Group Entered into the Following Material Related Party and Connected Transactions.

Name of related party	Nature of transaction	Six months ended 30 September 2019 (unaudited) HK$'000	2018 (unaudited) HK$'000
Chu & Li's Family	Brokerage income	**77**	507
	Maximum amount of margin financing	**260**	43,296
	Interest income	**1**	372
Mr. Ho Chi Ho	Brokerage income	**3**	14
	Maximum amount of IPO financing	**–**	19,927
	Maximum amount of margin financing	**1**	280
	Interest Income	**–**	14
Directors of subsidiaries & associates	Brokerage income	**61**	21
Kingston Finance Limited (Note 1)	Interest expense	**59,610**	63,201
	Management fee income	**300**	300
Sincere Watch (Hong Kong) Limited (Note 2)	Brokerage income	**137**	142
	Advisory fee and financial services revenues	**299**	295
Mrs. Chu Yuet Wah	Staff quarter rental expenses	**609**	765
	Office rental and related expenses	**19,464**	–
REF Financial Press Limited (Note 3)	Financial printing service charges	**211**	31

Notes:

1. Mrs. Chu Yuet Wah has controlling interest in Kingston Finance Limited.

2. Transactions represented related party transactions only.

3. Mr. Lau Man Tak is a controlling shareholder of REF Holdings Limited. REF Financial Press Limited is an indirect wholly owned subsidiary of REF Holdings Limited.

OTHER INFORMATION

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 September 2019 (six months ended 30 September 2018: Nil).

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SECURITIES

At 30 September 2019, the following Directors had interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which would be required (a) to be notified to the Company or the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the requirements of the Model Code for Securities Transactions by Directors of Listed Companies:

Long Positions in the Shares:

Name of Directors	Number of shares of the Company		Number of underlying shares of the Company	Total	Approximate percentage of shareholding
	Personal Interests	Corporate Interests			
Mrs. Chu Yuet Wah	–	10,157,205,895 (Note 1)	3,750,000,000 (Note 2)	13,907,205,895	102.15%
Mr. Chu, Nicholas Yuk-yui	–	10,157,205,895 (Note 1)	3,750,000,000 (Note 2)	13,907,205,895	102.15%

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SECURITIES *(Continued)*

Long Positions in the Shares: *(Continued)*

Notes:

(1) As at 30 September 2019, of the 10,157,205,895 shares, 1,894,699,896 shares are held by Sure Expert Limited, 15,939,999 shares are held by Kingston Capital Limited, 6,696,964,000 shares are held by Active Dynamic Limited, 424,602,000 shares are held by Choose Right Limited and 1,125,000,000 shares are held by Better Sino Limited, all of which are controlled by Mrs. Chu Yuet Wah ("Mrs. Chu"). Mr. Chu, Nicholas Yuk-yui ("Mr. Chu"), the spouse of Mrs. Chu is deemed to be interested in these10,157,205,895 shares.

(2) As at 30 September 2019, Mrs. Chu, through Active Dynamic Limited held 3,750,000,000 convertible preference shares conferring rights to subscribe for 3,750,000,000 new shares at the conversion price of HK$0.80 per share (subject to adjustments). Mr. Chu is deemed to be interested in these 3,750,000,000 underlying shares held by Mrs. Chu.

Save for those disclosed above, no interests and short positions were held or deemed or taken to be held under Part XV of the SFO by any Director or the Chief Executive of the Company or their respective associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or pursuant to the Model Code or which are required pursuant to Section 352 of the SFO to be entered in the register referred to therein.

DIRECTORS' RIGHT TO ACQUIRE SHARES AND DEBENTURES

Save as disclosed in the section "DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SECURITIES", at no time during the Period was the Company or any of its associated corporations a party to any arrangement to enable the directors or chief executive of the Company to acquire benefits by means of the acquisition of shares in, or underlying shares in, or debentures of, the Company or any other body corporate, and none of the directors or chief executives, nor any of their spouses or children under the age of 18, had any rights to subscribe the securities of the Company, or had exercised any such rights during the Period.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2019, the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO shows that, the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company:

Name of Shareholders	Number of shares of the Company		Number of underlying shares of the Company	Total	Approximate percentage of shareholding
	Personal Interests	Corporate Interests			
Sure Expert Limited (Note 1)	–	1,894,699,896	–	1,894,699,896	13.92%
Active Dynamic Limited (Note 2)	–	6,696,964,000	3,750,000,000	10,446,964,000	76.73%
Better Sino Limited (Note 3)	–	1,125,000,000	–	1,125,000,000	8.26%

Notes:

(1) Sure Expert Limited is wholly and beneficially owned by Mrs. Chu. The interests of Mrs. Chu and Sure Expert Limited in the Company are stated under the section headed "Directors' and Chief Executive's interests and short positions in securities" above.

(2) Active Dynamic Limited is wholly and beneficially owned by Mrs. Chu. The interests of Mrs. Chu and Active Dynamic Limited in the Company are stated under the section headed "Directors' and Chief Executive's interests and short positions in securities" above.

(3) Better Sino Limited is wholly and beneficially owned by Mrs. Chu. The interests of Mrs. Chu and Better Sino Limited in the Company are stated under the section headed "Directors' and Chief Executive's interests and short positions in securities" above.

Save for those disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30 September 2019.

OTHER INFORMATION

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

During the six months ended 30 September 2019, there were no purchases, sales or redemption of the Company's listed securities by the Company or any of its subsidiaries.

CORPORATE GOVERNANCE

Throughout the six months ended 30 September 2019, the Company has complied with all code provisions under the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") 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 six months ended 30 September 2019.

AUDIT COMMITTEE

The Audit Committee is composed of all the three Independent Non-Executive Directors of the Company. The Audit Committee has reviewed with management the accounting policies adopted by the Group and discussed auditing, internal control, risk management and financial reporting matters, including the review of the unaudited interim financial statements for the six months ended 30 September 2019.

OTHER INFORMATION

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to disclosure requirement under Rule 13.51B(1) of the Listing Rules, the changes in information of Directors are set out below:

Name of Director	Details of change
Mr. Ho Chi Ho	With effect from 1 April 2019, monthly remuneration has been increased from approximately HK$233,000 to approximately HK$240,000.

Save as disclosed above, there is no other information in respect of Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

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

Hong Kong, 28 November 2019