



# 金利豐金融集團有限公司

## KINGSTON FINANCIAL GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code : 01031)

### Interim Report

# 2016



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# 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  
Mr. Lau Man Tak  
Ms. Lo Miu Sheung Betty  
(appointed on 1 September 2016)  
Mr. Yu Peter Pak Yan  
(resigned on 1 September 2016)

## COMPANY SECRETARY

Mr. Chan Chun Lam

## AUDIT COMMITTEE

Mr. Lau Man Tak (*Chairman*)  
Dr. Wong Yun Kuen  
Ms. Lo Miu Sheung Betty  
(appointed on 1 September 2016)  
Mr. Yu Peter Pak Yan  
(resigned on 1 September 2016)

## REMUNERATION COMMITTEE

Ms. Lo Miu Sheung Betty (*Chairman*)  
(appointed on 1 September 2016)  
Dr. Wong Yun Kuen  
Mr. Lau Man Tak  
Mr. Yu Peter Pak Yan  
(resigned on 1 September 2016)

## NOMINATION COMMITTEE

Dr. Wong Yun Kuen (*Chairman*)  
Mr. Lau Man Tak  
Ms. Lo Miu Sheung Betty  
(appointed on 1 September 2016)  
Mr. Yu Peter Pak Yan  
(resigned on 1 September 2016)

## AUDITORS

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

## PRINCIPAL BANKERS

Standard Chartered Bank (Hong Kong) Limited  
The Hongkong and Shanghai Banking Corporation Limited  
Industrial and Commercial Bank of China (Macau) Limited  
Chong Hing Bank Limited  
Bank of Communications Co., Ltd.

## 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

Suite 2801, 28th Floor  
One International Finance Centre  
1 Harbour View Street, Central  
Hong Kong

## PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

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

## BRANCH SHARE REGISTRARS AND TRANSFER OFFICE IN HONG KONG

Tricor Abacus Limited  
Level 22, Hopewell Centre  
183 Queen's Road East, Wan Chai  
Hong Kong

## STOCK CODE

1031

## WEBSITE

<http://www.kingston.com.hk>



## Financial Highlights

- Turnover for the six months ended 30 September 2016 decreased by approximately 17% to HK\$1,376,862,000 when compared to HK\$1,651,667,000 in the corresponding period of last year.
- Profit attributable to the owners of the Company for the six months ended 30 September 2016 decreased by approximately 19% to HK\$744,420,000 when compared to HK\$923,380,000 in the corresponding period of last year, which was mainly due to the decrease in income from securities brokerage, underwriting and placements business.
- Earnings per share for the six months ended 30 September 2016 decreased by approximately 19% to HK4.29 cents when compared to HK5.32 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 2016 (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 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\$1,376,862,000 for the Period, representing a decrease of approximately 17% as compared to approximately HK\$1,651,667,000 for the six months ended 30 September 2015 (the “Previous Period”).

The unaudited net profit attributable to the owners of Company for the Period amounted to approximately HK\$744,420,000, representing a decrease of approximately 19% as compared to approximately HK\$923,380,000 for the Previous Period. The decrease was mainly attributed to the decrease in income from securities brokerage, underwriting and placements business. Basic earnings per share for the Period decreased by approximately 19% to HK4.29 cents when compared to HK5.32 cents in the Previous Period.

## BUSINESS AND FINANCIAL REVIEW

Coming off a turbulent 2015 for the markets and the Renminbi currency, the new worries have undermined investors’ confidence in China’s economic growth. The market expects China’s GDP growth in 2016 to fall to 6.5%, which is the bottom end of the government’s original target of 6.5%–7%. According to the National Statistics Bureau, the slowdown in private-sector investment has been astonishing, from 10.1% growth in 2015 to just 2.8% in the first half of 2016. As the main driver of economic activity, private and public investments remain an important source of overall economic expansion. With uncertainties clouding the market environment, a wide range of industries are encumbered by overcapacity and businesses are hoarding cash.

Global markets have been highly sensitive to hints that China’s slowdown is worsening, while Britain’s progress to withdraw from the European Union has not only ushered in a period of more uncertainty in the European market but also the global economy. It has dampened the outlook for China’s exports and increased volatility in capital flows.

# Management Discussion and Analysis

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### BUSINESS AND FINANCIAL REVIEW (Continued)

Stepping into year 2016, the Hong Kong stock market has been disrupted by the slow growth in China and weak economic recovery globally. The weakened global and national economy served to threaten overall sentiment in Hong Kong, and the Hang Seng index was unable to draw any significant support from the mainland GDP. For the six months ended 30 September 2016, the average daily turnover of the Hong Kong securities market was HK\$65.4 billion, representing a drastic decrease of 51% as compared to HK\$133.4 billion for the Previous Period. Despite the unsatisfactory performance of the financial services sector in general, the Group has been able to place itself as one of the most competitive participants in the industry.

Looking ahead, it is anticipated that the imminent launch of cross-border Shenzhen-Hong Kong Stock Connect should create gleaming opportunities for the Hong Kong economy and stock market, thus reinforcing Hong Kong's status as an international finance center in China's multilayered capital markets. It might also bring synergistic value to further develop the Group's business in the region.

As for Macau, the general operation has been affected by the slowing economy in China and anti-graft drive. The Group's hotel and gaming business revenue fell in line with the decline in the industry. During the Period, total gross revenue of Macau's gaming industry dropped approximately 21% to approximately MOP15 billion as compared to approximately MOP19 billion for the Previous Period.

### 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.

Hong Kong's securities growth has been stifled by repercussions on global financial landscape and Mainland market turbulence, with stocks hovered at a relatively low level. During the Period, the Group's performance was in part affected by this economic climate, with revenue of approximately HK\$118,450,000 in securities brokerage, underwriting and placements, representing a decrease of approximately 77 % as compared to HK\$518,565,000 in the Previous Period, which also accounted for approximately 11 % (the Previous Period: 39%) of the Group's financial service segment revenue.

# Management Discussion and Analysis

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### BUSINESS AND FINANCIAL REVIEW (Continued)

#### Margin and IPO Financing

To complement the Group's securities brokerage services, we also provide 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.

In spite of the slowdown in the securities industry, the Group continued their stellar performance in margin and IPO financing, with revenue amounted to approximately HK\$921,681,000, representing an increase of approximately 18% as compared to HK\$778,108,000, in the Previous Period, which also accounted for approximately 87% (the Previous Period: 59%) of the Group's financial service segment revenue. Leveraging on the Group's compelling advantages from strong capital base and prudent risk management policies to credit control, the Group managed to achieve steady development in the segment over the years.

#### 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.

# Management Discussion and Analysis

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued) BUSINESS AND FINANCIAL REVIEW (Continued)

### **Other Financial Services mainly include Corporate Finance Advisory Services, Futures Brokerage and Asset Management (Continued)**

During the Period, this segment recorded revenue of approximately HK\$18,348,000 (the Previous Period: HK\$21,246,000), representing a decrease of approximately 14%, which also accounted for approximately 2% (the Previous Period: 2%) of the Group's financial service segment revenue.

### **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.

As the only place in China where gambling business is legal, Macau's hotel and casino sector took a major hit from China's anti-corruption campaign and slowing growth. The revenue for the Period amounted to approximately HK\$86,597,000 (the Previous Period: HK\$98,457,000), representing a decrease of approximately 12% as compared to the Previous Period.

Hotel business contributed approximately 27% (the Previous Period: 30%) to the total hotel and gaming business turnover. During the Period, the average occupancy rate of the two hotels, namely Casa Real and Grandview, was approximately 86% (the Previous Period: 83%) and approximately 76% (the Previous Period: 72%) 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. While there was a decrease in total gross revenue of Macau's gaming industry, the business continued to provide a stable income to the Group.

Gaming revenue, including gaming revenue and food and beverage sales in casino, amounted to approximately HK\$231,786,000 for the Period, representing a drop of approximately 2% as compared to HK\$235,291,000 approximately of the Previous Period. Gaming revenue accounted for approximately 73% (the Previous Period: 70%) of total hotel and gaming business turnover.

As at 30 September 2016, the Group's gaming operations include 63 (31 March 2016: 61) tables in the two mass market halls, 12 (31 March 2016:14) tables in the VIP rooms and 232 (31 March 2016:238) slot machines and 115 (31 March 2016:134) 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

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued) BUSINESS AND FINANCIAL REVIEW (Continued)

### Other Income

Other income mainly represents handling charges received from securities clients, bad debts recovered and other miscellaneous income. The income decreased by approximately 55% from HK\$33,496,000 in the Previous Period to HK\$15,061,000 in this Period. The decrease was due to the decrease in securities handling charges and bad debts recovered during the Period.

### Held for trading investments

During the Period, the Hong Kong equity market experienced fluctuations. The market value of the held for trading investments held by the Group during the Period recorded a revaluation gain of approximately HK\$42,077,000 (the Previous Period: revaluation gain HK\$13,649,000). As at 30 September 2016, the Group was holding held for trading investments of approximately HK\$206,187,000 (31 March 2016: HK\$114,921,000) in market value.

### Inventory consumed

Inventory consumed represents the cost of guest supplies and food and beverage consumed upon provision of accommodation and catering services to the customers. During the Period, it amounted to approximately HK\$11,090,000 (the Previous Period: HK\$11,468,000).

### Staff costs

Staff costs amounted to approximately HK\$161,233,000 (the Previous Period: HK\$146,937,000), representing an approximately 10% increase. Such an increase was mainly due to increase in compensation and benefits to employee 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 represents 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\$48,665,000 (the Previous Period: HK\$56,564,000), representing a 14% decrease. The decrease was in line with the industry performance.

### Broker Commission

Broker commission decreased approximately 76% from approximately HK\$94,936,000 in the Previous Period to approximately HK\$23,217,000 in the Period. The decrease matched with the decrease in revenue from securities brokerage, underwriting and placements segments.

# Management Discussion and Analysis

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued) BUSINESS AND FINANCIAL REVIEW (Continued)

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

To cope with the development of the margin and IPO financing segment, more fundings were obtained during the Period. The related interest expenses increased from approximately HK\$91,354,000 in the Previous Period to approximately HK\$121,133,000 in the Period, representing a 33% increase.

### **Administrative expenses**

Administrative expenses mainly consist of rent and rates, legal and professional fees and Macau property tax. During the Period under review, it amounted to approximately HK\$50,283,000 (the Previous Period: HK\$52,672,000).

### **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\$60,757,000 (the Previous Period: HK\$60,615,000).

### **Finance cost**

During the Period under review, finance cost of approximately HK\$10,128,000 (the Previous Period: HK\$12,795,000) represented the effective interest expenses on the amount due to a shareholder.

### **Amortisation**

The amount of HK\$7,066,000 (the Previous Period: HK\$7,066,000) for the Period represented the amortisation expenses of the intangible assets which has been amortised on a straight-line basis over its estimated useful life of 24 years.

## **FUTURE PROSPECTS**

### **Financial service segments**

The rebalancing of China's economy is likely to be gradual. China's growth outlook remains far higher than for advanced economies and many emerging ones. We look forward to seeing more significant fiscal and monetary stimulus policies in the near future.

The introduction of Shanghai-Hong Kong Stock Connect Scheme has strengthened the link between Hong Kong and the Mainland capital markets. It has also improved market infrastructures for future development.

# Management Discussion and Analysis

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued) FUTURE PROSPECTS (Continued)

### Financial service segments (Continued)

Succeeding the first cross-border stock trading arrangement, we are convinced that the much anticipated Shenzhen-Hong Kong Stock Connect represents another milestone towards strengthening the interconnectivity between the mutually complementary stock markets in Hong Kong and the Mainland. The Board is of the view that Hong Kong's financial market will benefit from the new program which is expected to bring synergistic effects and contribute to the robust and sustainable growth of the offshore Renminbi ecosystem. The Group is well equipped to embrace the opportunities ahead. Nonetheless, the Group also sets its eyes on the global markets. It will continue to strengthen its presence in the capital markets, and explore more business opportunities to further expand its geographical network.

### Hotel and Gaming Business

Given the slowdown in tourist spending and China's campaign against corruption and luxury spending, we remain conservative as to the outlook of Macau's hotel and tourism market. Supported by the steady demand from international and local markets, segment performance is expected to stabilize in the coming year.

Furthermore, the Group will continue to invest in marketing and promotion activities in order to enhance customer experience and attract more new customers.

## LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

As at 30 September 2016, the shareholders' fund and net current assets of the Group amounted to approximately HK\$18,885,667,000 (31 March 2016: HK\$18,615,992,000) and approximately HK\$6,177,181,000 (31 March 2016: HK\$5,766,314,000) respectively. On the same date, the Group had cash and bank balance of approximately HK\$201,570,000 (31 March 2016: HK\$169,339,000) and the current ratio was approximately 1.4 (31 March 2016: 1.4).

As at 30 September 2016, the Group had bank borrowings of approximately HK\$2,732,000,000 (31 March 2016: HK\$3,936,000,000), amounts due to shareholders of approximately HK\$2,311,911,000 (31 March 2016: HK\$2,321,911,000), loan from a related company of approximately HK\$8,188,381,000 (31 March 2016: HK\$7,179,238,000) and subordinated loans of approximately HK\$700,000,000 (31 March 2016: 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 73% (31 March 2016: 75%).

# Management Discussion and Analysis

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued) COMMITMENTS AND CONTINGENT LIABILITIES

Details of commitments and contingent liabilities of the Group as at 30 September 2016 are set out in note 25 to the financial statements.

### CAPITAL STRUCTURE

During the six months ended 30 September 2016, no material fluctuation was noted on the Company's overall capital structure.

### CAPITAL COMMITMENTS

At 30 September 2016, the Group had capital commitments of approximately HK\$4,740,000 (31 March 2016: HK\$2,450,000) in respect of acquisition of plant and equipment.

### EMPLOYEES

As at 30 September 2016, the Group employed a total of approximately 875 (31 March 2016: 873) staff. The total staff cost for the Period was approximately HK\$161,233,000 (the Previous Period: HK\$146,937,000). 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 2016, the Group had pledged marketable securities at a value of approximately HK\$12,645,294,000 and certificates of deposit at a value of HK\$48,750,000 (31 March 2016: marketable securities of HK\$14,222,660,000) to secure certain banking facilities provided to the Group.

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

- the pledge of leasehold land and buildings held for own use with carrying amounts of approximately HK\$2,230,000,000 (31 March 2016: HK\$2,350,000,000);
- shares of a subsidiary;
- 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.

# Management Discussion and Analysis

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued) MATERIAL ACQUISITIONS AND DISPOSALS

There was no material acquisition nor disposal conducted by the Group during the Period under review.

## PRINCIPAL RISKS AND UNCERTAINTIES

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

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

## RISK MANAGEMENT

### Credit risk

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

### Market risk

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

# Management Discussion and Analysis

## 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 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 2016

		<b>Six months ended 30 September 2016</b>	
		<b>(unaudited) HK\$'000</b>	2015 (unaudited) HK\$'000
	Notes		
Revenue	3	<b>1,376,862</b>	1,651,667
Other income		<b>15,061</b>	33,496
		<b>1,391,923</b>	1,685,163
Inventory consumed		<b>(11,090)</b>	(11,468)
Staff costs	4	<b>(161,233)</b>	(146,937)
Gaming commission		<b>(48,665)</b>	(56,564)
Broker commission		<b>(23,217)</b>	(94,936)
Interest expenses for securities brokerage, underwriting and placements, margin and IPO financing operations		<b>(121,133)</b>	(91,354)
Depreciation		<b>(59,426)</b>	(72,693)
Administrative expenses		<b>(50,283)</b>	(52,672)
Other operating expenses		<b>(60,757)</b>	(60,615)
		<b>(535,804)</b>	(587,239)
Finance income		<b>1,743</b>	3,878
Finance cost	5	<b>(10,128)</b>	(12,795)
Fair value gain on held for trading investments		<b>42,077</b>	13,649
Exchange gain		<b>1,213</b>	1,998
Share of results of joint ventures		–	(1)
Amortisation		<b>(7,066)</b>	(7,066)
		<b>27,839</b>	(337)
Profit before taxation	6	<b>883,958</b>	1,097,587
Taxation	7	<b>(136,510)</b>	(170,962)
Profit for the period		<b>747,448</b>	926,625

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2016

		<b>Six months ended 30 September 2016 (unaudited) HK\$'000</b>	2015 (unaudited) HK\$'000
	Notes		
Profit for the period		<b>747,448</b>	926,625
Other comprehensive income			
Item that will not be reclassified to profit or loss:			
Deficit on revaluation of leasehold land and buildings	10	<b>(127,455)</b>	(215,695)
Item that may be reclassified subsequently to profit or loss:			
Unrealised loss arising from change in fair value of available-for-sale investments		—	(60)
Other comprehensive loss for the period, net of tax		<b>(127,455)</b>	(215,755)
<b>Total comprehensive income for the period</b>		<b>619,993</b>	710,870
<b>Profit for the period attributable to:</b>			
Owners of the Company		<b>744,420</b>	923,380
Non-controlling interests		<b>3,028</b>	3,245
		<b>747,448</b>	926,625
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		<b>616,965</b>	707,625
Non-controlling interests		<b>3,028</b>	3,245
		<b>619,993</b>	710,870
<b>Earnings per share (cents per share)</b>	9		
— Basic		<b>4.29</b>	5.32
— Diluted		<b>4.29</b>	5.32



# Condensed Consolidated Statement of Financial Position

As at 30 September 2016

	Notes	30 September 2016 (unaudited) HK\$'000	31 March 2016 (audited) HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	10	<b>2,893,555</b>	3,090,037
Deferred tax assets		<b>6,107</b>	6,107
Statutory deposit for financial services business		<b>5,138</b>	5,243
Goodwill	11	<b>10,996,683</b>	10,996,683
Intangible assets	17	<b>287,355</b>	294,421
		<b>14,188,838</b>	14,392,491
<b>Current assets</b>			
Inventories	12	<b>2,687</b>	2,727
Available-for-sale investments	13	<b>440</b>	440
Held for trading investments		<b>206,187</b>	114,921
Advances to customers in margin financing	14	<b>18,584,761</b>	18,443,165
Trade and other receivables	15	<b>203,559</b>	198,345
Tax recoverable		<b>37,607</b>	37,607
Cash and bank balances — held on behalf of customers	16	<b>2,039,559</b>	1,569,493
Cash and bank balances — general accounts		<b>201,570</b>	169,339
		<b>21,276,370</b>	20,536,037
<b>Current liabilities</b>			
Trade and other payables	18	<b>2,152,891</b>	1,752,015
Amounts due to shareholders	19	<b>2,311,911</b>	2,321,911
Loan from a related company	20	<b>8,188,381</b>	7,179,238
Subordinated loans	21	<b>700,000</b>	700,000
Bank loans	22	<b>1,457,000</b>	2,616,000
Tax payable		<b>289,006</b>	200,559
		<b>15,099,189</b>	14,769,723

# Condensed Consolidated Statement of Financial Position

As at 30 September 2016

		<b>30 September 2016 (unaudited) HK\$'000</b>	31 March 2016 (audited) HK\$'000
	Notes		
<b>Net current assets</b>		<b>6,177,181</b>	5,766,314
<b>Total assets less current liabilities</b>		<b>20,366,019</b>	20,158,805
<b>Non-current liabilities</b>			
Bank loans	22	<b>1,275,000</b>	1,320,000
Deferred tax liabilities		<b>190,093</b>	210,582
<b>Total non-current liabilities</b>		<b>1,465,093</b>	1,530,582
<b>Total liabilities</b>		<b>16,564,282</b>	16,300,305
<b>Net assets</b>		<b>18,900,926</b>	18,628,223
<b>Capital and reserves</b>			
Share capital — ordinary shares	23	<b>272,290</b>	272,290
Share capital — non-redeemable convertible preference shares	23	<b>75,000</b>	75,000
Reserves		<b>18,538,377</b>	18,268,702
<b>Total equity attributable to owners of the Company</b>		<b>18,885,667</b>	18,615,992
<b>Non-controlling interests</b>		<b>15,259</b>	12,231
<b>Total equity</b>		<b>18,900,926</b>	18,628,223

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2016

Attributable to owners of the Company

	Share capital — non-redeemable		Share premium account	Capital redemption reserve	Contributed surplus	Property revaluation reserve	Investment revaluation reserve	Exchange fluctuation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	Share Capital — ordinary shares	convertible preference shares										
	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 2015 (audited)	242,290	105,000	11,739,980	466	814	2,225,936	1,842	(23,169)	3,241,049	17,534,208	19,299	17,553,507
Profit for the period	-	-	-	-	-	-	-	-	923,380	923,380	3,245	926,625
Other comprehensive loss for the period	-	-	-	-	-	(215,695)	(60)	-	-	(215,755)	-	(215,755)
Total comprehensive income for the period	-	-	-	-	-	(215,695)	(60)	-	923,380	707,625	3,245	710,870
Realised upon depreciation based on revalued amount of land and building	-	-	-	-	-	(31,784)	-	-	31,784	-	-	-
Shares conversion	30,000	(30,000)	-	-	-	-	-	-	-	-	-	-
Payment of dividend to non-controlling interest	-	-	-	-	-	-	-	-	-	-	(10,000)	(10,000)
At 30 September 2015 (unaudited)	272,290	75,000	11,739,980	466	814	1,978,457	1,782	(23,169)	4,196,213	18,241,833	12,544	18,254,377
At 1 April 2016 (audited)	<b>272,290</b>	<b>75,000</b>	<b>11,739,980</b>	<b>466</b>	<b>814</b>	<b>1,544,268</b>	<b>1,352</b>	<b>(23,169)</b>	<b>5,004,991</b>	<b>18,615,992</b>	<b>12,231</b>	<b>18,628,223</b>
Profit for the period	-	-	-	-	-	-	-	-	744,420	744,420	3,028	747,448
Other comprehensive loss for the period	-	-	-	-	-	(127,455)	-	-	-	(127,455)	-	(127,455)
Total comprehensive income for the period	-	-	-	-	-	(127,455)	-	-	744,420	616,965	3,028	619,993
Realised upon depreciation based on revalued amount of land and building	-	-	-	-	-	(22,798)	-	-	22,798	-	-	-
Payment of dividend	-	-	-	-	-	-	-	-	(347,290)	(347,290)	-	(347,290)
At 30 September 2016 (unaudited)	<b>272,290</b>	<b>75,000</b>	<b>11,739,980</b>	<b>466</b>	<b>814</b>	<b>1,394,015</b>	<b>1,352</b>	<b>(23,169)</b>	<b>5,424,919</b>	<b>18,885,667</b>	<b>15,259</b>	<b>18,900,926</b>

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2016

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2016</b>	<b>2015</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Cash flows from/(used in) operating activities	<b>649,503</b>	(2,868,487)
Cash flows (used in)/from investing activities		
Payment for the purchase of property, plant and equipment	<b>(7,779)</b>	(2,948)
Payment for the acquisition of held for trading investments	<b>(49,149)</b>	–
Interest received	<b>1,743</b>	3,878
Dividend received	<b>188</b>	1,319
Net cash (used in)/from investing activities	<b>(54,997)</b>	2,249
Cash flows (used in)/from financing activities		
Decrease in amounts due to shareholders	<b>(10,000)</b>	(76,000)
Increase in loan from a related company	<b>1,009,143</b>	2,481,862
Repayment of bank borrowings	<b>(1,204,000)</b>	(1,098,500)
Interest paid	<b>(10,128)</b>	–
Dividend paid	<b>(347,290)</b>	(10,000)
Net cash (used in)/from financing activities	<b>(562,275)</b>	1,297,362
Net increase/(decrease) in cash and cash equivalents	<b>32,231</b>	(1,568,876)
Cash and cash equivalents at beginning of period	<b>169,339</b>	1,772,232
Cash and cash equivalents at end of period	<b>201,570</b>	203,356

# Notes to the Interim Condensed Consolidated Financial Statements

## 1 CORPORATE INFORMATION

The Company was incorporated as an exempted company with limited liability in Bermuda on 10 April 1996 under the Companies Act 1981 of Bermuda. The 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.

These unaudited interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 24 November 2016.

The unaudited interim condensed consolidated financial statements is presented in thousands of units of Hong Kong dollars (HK\$'000), unless otherwise stated.

## 2 BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The unaudited interim condensed consolidated financial statements have been prepared in accordance with 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") and the Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The unaudited interim condensed consolidated financial statements have been prepared under the historical cost convention except for certain properties and financial instruments, which are measured at fair values or revalued amounts, as appropriate.

# Notes to the Interim Condensed Consolidated Financial Statements

## 2 BASIS OF PRESENTATION AND ACCOUNTING POLICIES (Continued)

The unaudited interim condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2016. The accounting policies adopted in the preparation of unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2016, 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 2016, noted below:

HKFRSs (Amendments)	Annual Improvements 2012–2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation

The Directors of the Company reviewed and assessed the application of these standards in the current interim period and concluded that it has had no material effect 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 Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

## 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 2015: 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.

# Notes to the Interim Condensed Consolidated Financial Statements

## 3 SEGMENTAL INFORMATION *(Continued)*

### **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 casino business run by the licence holder Sociedade de Jogos de Macau, S.A. ("SJM") in hotels.

### **Securities investment segment:**

- Securities investment segment is the trading of listed securities.

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

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on a measure of adjusted earnings before interest, income tax, depreciation and amortisation (adjusted EBITDA). Interest income and expenditure and certain income and expenses (including depreciation, amortisation, finance cost, taxation, loss on disposal of property, plant and equipment, exchange gain and share of results of joint ventures) 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.

# Notes to the Interim Condensed Consolidated Financial Statements

## 3 SEGMENTAL INFORMATION (Continued)

### Operating segments

The following tables present segment information of the Group provided to the Group's management for the six months ended 30 September 2016 and 2015.

#### For the six months ended 30 September 2016 (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
<b>Segment revenue</b>									
External customers	118,450	921,681	18,348	1,058,479	73,059	13,538	231,786	-	1,376,862
Inter-segment	12	-	540	552	24,864	-	4,628	-	30,044
	118,462	921,681	18,888	1,059,031	97,923	13,538	236,414	-	1,406,906
<b>Adjusted EBITDA</b>	105,553	716,267	7,543	829,363	64,095	(5,427)	69,276	42,255	999,562
<b>Segment Assets</b>				31,805,848	2,102,279	375,426	632,082	206,187	35,121,822
Capital Expenditure				452	4,918	895	1,514	-	7,779
<b>Segment Liabilities</b>				14,292,607	205,333	11,522	29,762	-	14,539,224

#### For the six months ended 30 September 2015 (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
<b>Segment revenue</b>									
External customers	518,565	778,108	21,246	1,317,919	82,251	16,206	235,291	-	1,651,667
Inter-segment	27	-	480	507	19,209	-	4,211	-	23,927
	518,592	778,108	21,726	1,318,426	101,460	16,206	239,502	-	1,675,594
<b>Adjusted EBITDA</b>	395,160	674,862	11,636	1,081,658	62,465	(4,467)	78,175	14,958	1,232,789
<b>Segment Assets</b>				31,516,662	2,758,565	523,449	549,672	38,895	35,387,243
Capital Expenditure				135	1,737	364	199	-	2,435
<b>Segment Liabilities</b>				15,085,770	20,314	11,052	21,053	-	15,138,189



# Notes to the Interim Condensed Consolidated Financial Statements

## 3 SEGMENTAL INFORMATION (Continued)

### Operating segments (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	
	2016 (unaudited) HK\$'000	2015 (unaudited) HK\$'000
Staff costs (including directors' remuneration)		
— salaries, wages and other benefits	160,529	146,286
— contributions to defined contribution retirement plan	704	651
	<b>161,233</b>	146,937

## 5 FINANCE COST

	Six months ended 30 September	
	2016 (unaudited) HK\$'000	2015 (unaudited) HK\$'000
Interest on amount due to a shareholder	10,128	12,795

# Notes to the Interim Condensed Consolidated Financial Statements

## 6 PROFIT BEFORE TAXATION

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

	Six months ended 30 September	
	2016	2015
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Operating lease charges	15,634	15,223
Bad debts recovery	(15)	(6,998)

## 7 TAXATION

	Six months ended 30 September	
	2016	2015
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Current tax:		
Hong Kong profits tax	139,305	176,893
Macau Complementary Tax	586	625
Over Provision in respect of prior years	(272)	–
Deferred tax	(3,109)	(6,556)
	<b>136,510</b>	170,962

Hong Kong profits tax has been provided for six months ended 30 September 2016 and 2015 at a rate of 16.5%.

Macau Complementary Tax has been provided for the six months ended 30 September 2016 and 2015 at a rate of 12%. Details of contingent liabilities for Macau Complementary Tax are disclosed in note 25.

## 8 DIVIDENDS

The Board has recommended the payment of final dividend of HK2 cents per Share for the year ended 31 March 2016 (year ended 31 March 2015: Nil).

The board has resolved not to declare any interim dividend for the six months ended 30 September 2016 (six months ended 30 September 2015: Nil).

# Notes to the Interim Condensed Consolidated Financial Statements

## 9 EARNINGS PER SHARE

	<b>Six months ended 30 September</b>	
	<b>2016 (unaudited) HK cent</b>	<b>2015 (unaudited) HK cent</b>
Basic earnings per share	<b>4.29</b>	5.32
Diluted earnings per share	<b>4.29</b>	5.32

### (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:

	<b>Six months ended 30 September</b>	
	<b>2016 (unaudited) HK\$'000</b>	<b>2015 (unaudited) HK\$'000</b>
Profit for the purpose of basic earnings per share	<b>744,420</b>	923,380

	<b>Six months ended 30 September</b>	
	<b>2016 (unaudited)</b>	<b>2015 (unaudited)</b>
Weighted average number of ordinary shares	<b>13,614,480,666</b>	13,401,365,912
Weighted average number of non-redeemable convertible preference shares	<b>3,750,000,000</b>	3,963,114,754
Weighted average number of shares for the purpose of basic earnings per share	<b>17,364,480,666</b>	17,364,480,666

# Notes to the Interim Condensed Consolidated Financial Statements

## 9 EARNINGS PER SHARE (Continued)

### (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 periods ended 30 September 2016 and 2015.

## 10 PROPERTY, PLANT AND EQUIPMENT

The Group's leasehold land and buildings for own use were revalued as at 30 September 2016, 31 March 2016 and 2015. The valuations were carried out by AA Property Services Limited, an independent valuer who holds recognised and relevant professional qualifications and has recent experience in the location and category of the leasehold land and buildings being valued. The Group's management has discussion with the surveyors on the valuation assumptions and valuation results when the valuation is performed at each reporting date. During the period under review, there were no changes in valuation techniques which were consistent with those adopted in the preparation of the Group's annual report for the year ended 31 March 2016 and 2015.

During the period under review, the after tax revaluation deficit of approximately HK\$127,455,000 (six months ended 30 September 2015: revaluation deficit HK\$215,695,000) 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\$7,779,000 (six months ended 30 September 2015: approximately HK\$2,444,000).

## 11 GOODWILL

	<b>30 September 2016 (unaudited) HK\$'000</b>	31 March 2016 (audited) HK\$'000
Carrying amount of goodwill	<b>10,996,683</b>	10,996,683

# Notes to the Interim Condensed Consolidated Financial Statements

## 11 GOODWILL (Continued)

The carrying amount of goodwill relating to the cash-generating units (the "CGU") 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 purpose of the goodwill impairment test, its recoverable amount was determined based on a value in use calculation, covering a detailed 4-year budget plan plus an extrapolated cash flow projection applying a steady growth rate subsequent to this 4-year plan, with a discount rate of approximately 12.21%.

As at 31 March 2016, the recoverable amount for the CGU engaged in securities dealings, underwriting and placements, margin and IPO financing services and corporate finance advisory services are HK\$9,686,000,000, HK\$17,907,000,000 and HK\$226,000,000 respectively.

The key assumptions used in the budget plan are:

- (i) The annual growth rates of revenue were estimated ranging from 7% to 16%, 7% to 8% and 7% to 8% for securities services, margin and IPO financing services and corporate finance advisory services respectively throughout the 4-year budget plan. Cash flow beyond the five-year period are extrapolated using an estimated growth rate of 3% (2015: 3%).
- (ii) That gross margins will be maintained at their current levels throughout the 4-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.

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

No impairment loss is provided for the six months ended 30 September 2016 (2015: Nil). The Directors performed an impairment test for the goodwill and concluded that the CGU demonstrate sufficient cashflow projections that justify the carrying value of the goodwill. Management did not consider impairment of goodwill necessary.

# Notes to the Interim Condensed Consolidated Financial Statements

## 12 INVENTORIES

	<b>30 September 2016 (unaudited) HK\$'000</b>	31 March 2016 (audited) HK\$'000
Food and beverage and hotel operating supplies	<b>2,687</b>	2,727

## 13 AVAILABLE-FOR-SALE INVESTMENTS

	<b>30 September 2016 (unaudited) HK\$'000</b>	31 March 2016 (audited) HK\$'000
Investment funds, at fair value	<b>440</b>	440

The available-for-sale investments 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 2016, no deficit arising on change in fair value (2015: HK\$60,000) was recognised in other comprehensive income and accumulated in the investment revaluation reserve.

## 14 ADVANCES TO CUSTOMERS IN MARGIN FINANCING

	<b>30 September 2016 (unaudited) HK\$'000</b>	31 March 2016 (audited) HK\$'000
Directors of subsidiaries and their associates	<b>67,180</b>	149,979
Other margin clients	<b>18,538,223</b>	18,313,828
Less: Allowance for doubtful debt	<b>(20,642)</b>	(20,642)
	<b>18,584,761</b>	18,443,165

# Notes to the Interim Condensed Consolidated Financial Statements

## 14 ADVANCES TO CUSTOMERS IN MARGIN FINANCING

(Continued)

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

	<b>30 September 2016 (unaudited) HK\$'000</b>	31 March 2016 (audited) HK\$'000
At the beginning of the period/year	<b>20,642</b>	12,647
Impairment loss recognised	–	7,995
At the end of the period/year	<b>20,642</b>	20,642

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 2016, total market value of securities pledged as collateral in respect of the loan to margin clients was approximately HK\$70,462,426,000 (31 March 2016: HK\$86,196,514,000).

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

# Notes to the Interim Condensed Consolidated Financial Statements

## 15 TRADE AND OTHER RECEIVABLES

	<b>30 September 2016 (unaudited) HK\$'000</b>	31 March 2016 (audited) HK\$'000
Trade receivables from financial services segments	<b>82,077</b>	73,341
Trade receivables from hotel and gaming segments	<b>64,319</b>	66,628
Other receivables, deposits and prepayments	<b>57,163</b>	58,376
	<b>203,559</b>	198,345

### Trade receivables from financial services segments

	<b>30 September 2016 (unaudited) HK\$'000</b>	31 March 2016 (audited) HK\$'000
Accounts receivable arising from the ordinary course of business of dealing in securities:		
Cash clients	<b>10,326</b>	36,074
Clearing House	<b>56,207</b>	9,744
Brokers and dealers	<b>626</b>	630
Accounts receivable arising from the ordinary course of business of dealing in futures contracts:		
Clearing house	<b>7,725</b>	21,657
Accounts receivable arising from the ordinary course of business of provision of:		
Corporate finance advisory services	<b>7,193</b>	5,236
	<b>82,077</b>	73,341



# Notes to the Interim Condensed Consolidated Financial Statements

## 15 TRADE AND OTHER RECEIVABLES (Continued)

### Trade receivables from financial services segments (Continued)

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

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

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

No aging analysis is disclosed for trade receivables from financial services segments as, in the opinion of the directors, an aging 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 aging analysis of trade receivables at the end of the reporting period:

	<b>30 September 2016 (unaudited) HK\$'000</b>	31 March 2016 (audited) HK\$'000
0–30 days	<b>39,362</b>	47,062
31–60 days	<b>11,633</b>	10,972
61–90 days	<b>7,185</b>	1,823
Over 90 days	<b>29,523</b>	30,155
	<b>87,703</b>	90,012
Allowance for doubtful debt	<b>(23,384)</b>	(23,384)
	<b>64,319</b>	66,628

# Notes to the Interim Condensed Consolidated Financial Statements

## 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

The intangible assets represented the costs of the 15 subsurface mineral permits/leases. The permits were granted by the Saskatchewan Ministry of Energy and Resources, currently known as the Ministry of the Economy of Saskatchewan, in 2008 for subsurface minerals in mining Elk Point, Saskatchewan, Canada with area of approximately 3,989.95 square kilometers.

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

## 18 TRADE AND OTHER PAYABLES

	<b>30 September 2016 (unaudited) HK\$'000</b>	31 March 2016 (audited) HK\$'000
Trade payables from financial services segments	<b>2,079,015</b>	1,667,334
Trade payables from hotel and gaming segments	<b>12,648</b>	14,834
Other payables and accruals	<b>61,228</b>	69,847
	<b>2,152,891</b>	1,752,015

# Notes to the Interim Condensed Consolidated Financial Statements

## 18 TRADE AND OTHER PAYABLES *(Continued)*

### Trade payables from financial services segments

	<b>30 September 2016 (unaudited) HK\$'000</b>	31 March 2016 (audited) HK\$'000
Accounts payable arising from the ordinary course of business of dealing in securities:		
Cash clients	<b>1,143,804</b>	937,144
Margin clients	<b>914,233</b>	703,703
	<b>2,058,037</b>	1,640,847
Dividend payable to clients	<b>8,814</b>	17
Accounts payable arising from the ordinary course of business of dealing in futures contracts:		
Clients	<b>9,453</b>	24,435
Accounts payable arising from the ordinary course of business of provision of:		
Corporate finance advisory services	<b>56</b>	97
Asset management services	<b>2,655</b>	1,938
	<b>2,079,015</b>	1,667,334

# Notes to the Interim Condensed Consolidated Financial Statements

## 18 TRADE AND OTHER PAYABLES (Continued)

### Trade payables from financial services segments (Continued)

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

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

As at the 30 September 2016, included in accounts payable was an amount of HK\$2,039,559,000 (31 March 2016: HK\$1,569,493,000) payable to clients and other institutions in respect of trust and segregated bank balances received and held for clients and other institutions in the course of the conduct of regulated activities.

### Trade payables from hotel and gaming segments

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

	<b>30 September 2016 (unaudited) HK\$'000</b>	31 March 2016 (audited) HK\$'000
0-30 days	<b>7,426</b>	8,859
31-60 days	<b>4,885</b>	2,460
61-90 days	<b>107</b>	738
Over 90 days	<b>230</b>	2,777
	<b>12,648</b>	14,834

# Notes to the Interim Condensed Consolidated Financial Statements

## 19 AMOUNTS DUE TO SHAREHOLDERS

		<b>30 September 2016 (unaudited) HK\$'000</b>	31 March 2016 (audited) HK\$'000
	Note		
Better Sino Limited	(a)	<b>1,190,000</b>	1,190,000
Mrs. Chu Yuet Wah	(b)	<b>1,121,911</b>	1,131,911
		<b>2,311,911</b>	2,321,911

- (a) The amount is non-interest bearing, unsecured and repayable on demand.
- (b) The loan of HK\$1,010,000,000 (31 March 2016: HK\$1,010,000,000) is unsecured, interest bearing at the rate of 2% per annum and repayable on the third anniversary of drawdown (i.e. on or before 30 March 2017). This loan is subject to review at anytime, the lender's overriding right of withdrawal and immediate repayment on demand. The remaining balance of HK\$111,911,000 (31 March 2016: HK\$121,911,000) is unsecured, interest bearing at the rate of 3% 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 2% per annum and repayable on demand.

## 21 SUBORDINATED LOANS

	Draw date	Terms	<b>30 September 2016 (unaudited) HK\$'000</b>	31 March 2016 (audited) HK\$'000
Loan from Mr. Lee Wai Man	30 Jan 2004	P+1%	<b>250,000</b>	250,000
	20 Feb 2004	1.5%	<b>150,000</b>	150,000
Revolving loan from Mrs. Chu Yuet Wah	24 May 2010	1.5%	<b>300,000</b>	300,000
			<b>700,000</b>	700,000

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

# Notes to the Interim Condensed Consolidated Financial Statements

## 22 BANK LOANS

		<b>30 September 2016 (unaudited) HK\$'000</b>	31 March 2016 (audited) HK\$'000
	Note		
<b>Secured bank loans:</b>			
Money market loans and revolving loans	(a)	<b>1,367,000</b>	2,526,000
Term loans	(b)	<b>1,365,000</b>	1,410,000
		<b>2,732,000</b>	3,936,000
<b>Repayable:</b>			
Within one year		<b>1,457,000</b>	2,616,000
More than one year, but not exceeding two years		<b>90,000</b>	90,000
More than two years, but not exceeding five years		<b>270,000</b>	270,000
After five years		<b>915,000</b>	960,000
<b>Total</b>		<b>2,732,000</b>	3,936,000
<b>Amount due within one year included in current liabilities</b>			
		<b>1,457,000</b>	2,616,000
<b>Amount due after one year</b>			
		<b>1,275,000</b>	1,320,000
<b>Total</b>		<b>2,732,000</b>	3,936,000

- (a) The bank loans of the Group were secured by marketable securities of HK\$12,645,294,000 pledged to the Group by margin clients (31 March 2016: HK\$14,222,660,000) and certificates of deposit HK\$48,750,000 (31 March 2016: Nil). The bank loans of the Group bear floating interest rates ranging from 0.82% to 1.65% per annum (31 March 2016: 0.83% to 1.55%).

# Notes to the Interim Condensed Consolidated Financial Statements

## 22 BANK LOANS (Continued)

- (b) The term loans of HK\$1,365,000,000 (31 March 2016: HK\$1,410,000,000), bearing floating interest rates ranging from 2.86% to 2.87% per annum (31 March 2016: 2.69% to 2.86%) were secured by:
- the pledge of leasehold land and buildings held for own use with carrying amounts of approximately HK\$2,230,000,000 (31 March 2016: HK\$2,350,000,000);
  - shares of a subsidiary;
  - 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.

# Notes to the Interim Condensed Consolidated Financial Statements

## 23 SHARE CAPITAL

	Six months ended 30 September			
	2016		2015	
	Number of shares	Amount HK\$'000	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.02 each				
Authorised:				
At 1 April 2016/2015 and 30 September 2016/2015	<b>24,750,000,000</b>	<b>495,000</b>	24,750,000,000	495,000
Issued and fully paid:				
At 1 April 2016/2015	<b>13,614,480,666</b>	<b>272,290</b>	12,114,480,666	242,290
Shares conversion	-	-	1,500,000,000	30,000
At 30 September 2016/2015	<b>13,614,480,666</b>	<b>272,290</b>	13,614,480,666	272,290
Non-redeemable convertible preference shares of HK\$0.02 each				
Authorised:				
At 1 April 2016/2015 and 30 September 2016/2015	<b>3,750,000,000</b>	<b>75,000</b>	5,250,000,000	105,000
Issued and fully paid:				
At 1 April 2016/2015	<b>3,750,000,000</b>	<b>75,000</b>	5,250,000,000	105,000
Shares conversion	-	-	(1,500,000,000)	(30,000)
At 30 September 2016/2015	<b>3,750,000,000</b>	<b>75,000</b>	3,750,000,000	75,000



# Notes to the Interim Condensed Consolidated Financial Statements

## 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 equity holders 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 director considers 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

	<b>30 September 2016 (unaudited) HK\$'000</b>	31 March 2016 (audited) HK\$'000
Capital commitments in respect of the acquisition of property, plant and equipment:		
— contracted but not provided for in the financial statements	<b>4,740</b>	2,450
	<b>4,740</b>	2,450

# Notes to the Interim Condensed Consolidated Financial Statements

## 25 COMMITMENTS AND CONTINGENT LIABILITIES *(Continued)*

Since April 2014, two wholly owned subsidiaries of the Group started to receive tax notices and demand notes issued by Macau Financial Services Bureau assessing its Macau Complementary Tax for the year of assessment from 2009 to 2012 and demanding tax payments of approximately HK\$87,092,000 in aggregate for the gaming revenue generated by them in these years ("Tax Assessment"). Subsequently these two subsidiaries made the payments of the aforesaid HK\$87,092,000 in accordance to the requirements but also lodged objection letters to the Financial Service Bureau and submitted petitions to the Macau court for making appeals against the Tax Assessment according to stipulated appeal procedures.

As advised by local tax consultant and lawyer, the directors considered that the Group has valid grounds for the appeals and believed that the gaming revenue generated through these two subsidiaries' Service Agreement with SJM is not subject to Macau Complementary Tax since it was derived from SJM gaming revenue, which is exempted pursuant to Macau Law. Accordingly, no provision of taxation is considered necessary given the chances for the chargeability is remote. If the Group's appeals for the Tax Assessment are successful, any prepaid tax amount will be refunded by the Financial Services Bureau. On the other hand, if the appeals fail and the same basis of taxation applies for subsequent years of assessment, the Group will be subject to Macau Complementary Tax liabilities of approximately HK\$185,776,000 in aggregate for its mass market business in Macau since 2009 up to the period ended 30 September 2016. 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.

# Notes to the Interim Condensed Consolidated Financial Statements

## 26 OPERATING LEASE COMMITMENT

- (a) 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 instalments. The lease agreements are renewable at the end of the respective lease terms. There is no arrangement for contingent rent payments.

At 30 September 2016, the Group had total future minimum lease receivable under non-cancellable operating leases which fall due as follows:

	<b>30 September 2016 (unaudited) HK\$'000</b>	31 March 2016 (audited) HK\$'000
Within one year	<b>9,725</b>	10,269
After one year but within five years	<b>38,204</b>	37,640
Over five years	<b>16,861</b>	21,982
	<b>64,790</b>	69,891

- (b) The Group entered into non-cancellable operating lease arrangements with landlords and the terms of the leases range from one to three years.

At 30 September 2016, the Group had total future minimum lease rent payments under non-cancellable operating leases falling due as follows:

	<b>30 September 2016 (unaudited) HK\$'000</b>	31 March 2016 (audited) HK\$'000
Within one year	<b>29,592</b>	30,785
After one year but within five years	<b>12,025</b>	26,647
	<b>41,617</b>	57,432

# Notes to the Interim Condensed Consolidated Financial Statements

## 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.

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 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.

# Notes to the Interim Condensed Consolidated Financial Statements

## 27 SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

For the period ended 30 September 2016 and 2015, 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	
	2016	2015
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Short-term employee benefits	<b>76,787</b>	58,699
Post-employment benefits	<b>103</b>	30
	<b>76,890</b>	58,729

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

# Notes to the Interim Condensed Consolidated Financial Statements

## 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	
		2016 (unaudited) HK\$'000	2015 (unaudited) HK\$'000
Chu & Li's Family	Brokerage income	329	2,451
	Maximum amount of IPO financing	-	-
	Maximum amount of margin financing	149,979	226,666
	Interest income	14	1,588
Mr. Ho Chi Ho	Brokerage income	-	27
	Maximum amount of IPO financing	-	5,010
	Maximum amount of margin financing	-	2,582
	Interest income	-	45
Directors of subsidiaries & associates	Brokerage income	28	450
	Maximum amount of IPO financing	-	-
	Maximum amount of margin financing	-	1
	Interest income	-	-
Kingston Finance Limited (Note 1)	Interest expense	76,570	48,021
	Management fee income	300	300
Sincere Watch (Hong Kong) Limited (Note 2)	Management fee income	120	120
	Placing commission	3,320	-
	Underwriting commission	-	8,442
Mrs. Chu Yuet Wah	Staff quarter rental expenses	867	447
REF Holdings Limited (Note 3)	Management fee income	-	480
	Underwriting commission	-	465
	Selling concession	-	240
REF Financial Press Limited (Note 3)	Financial printing service charges	206	261

Notes:

- Mrs. Chu Yuet Wah has controlling interest in Kingston Finance Limited.
- Mrs. Chu Yuet Wah ceased to be the controlling shareholder of Sincere Watch (Hong Kong) Limited on 7 September 2015. Transactions entered during the period under review represented related party transactions only.
- 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 2016 (six months ended 30 September 2015: Nil).

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

At 30 September 2016, 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	–	8,607,603,895 (Note 1)	3,750,000,000 (Note 2)	12,357,603,895	90.77%
Mr. Chu, Nicholas Yuk-yui	–	8,607,603,895 (Note 1)	3,750,000,000 (Note 2)	12,357,603,895	90.77%

## Other Information

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

#### Long positions in the Shares: *(Continued)*

Notes:

- (1) As at 30 September 2016, of the 8,607,603,895 shares, 6,696,964,000 shares are held by Active Dynamic Limited, 1,894,699,896 shares are held by Sure Expert Limited and 15,939,999 shares are held by Kingston Capital 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 these 8,607,603,895 shares.
- (2) As at 30 September 2016, 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 of 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 2016, 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%
Mr. Lee Wai Man (Note 3)	18,852,000	1,530,750,000 (Note 4)	-	1,549,602,000	11.38%

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 Mr. Lee Wai Man ("Mr. Lee"), the father of Mrs. Chu.
- (4) As at 30 September 2016, of the 1,530,750,000 shares, 405,750,000 shares are held by Choose Right Limited. 1,125,000,000 shares are held by Better Sino Limited. Both companies are wholly and beneficially owned by Mr. Lee

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 2016.

## Other Information

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

During the six months ended 30 September 2016, 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 2016, 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 2016.

### 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 30th September, 2016.

### 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:

<b>Name of Director</b>	<b>Details of change</b>
Mr. Chu Nicholas Yuk-yui	With effect from 1 April 2016, monthly remuneration has been increased from approximately HK\$1,060,000 to approximately HK\$1,150,000.
Mrs. Chu Yuet Wah	With effect from 1 April 2016, monthly remuneration has been increased from approximately HK\$1,650,000 to approximately HK\$1,750,000.

## Other Information

### CHANGES IN INFORMATION OF DIRECTORS *(Continued)*

<b>Name of Director</b>	<b>Details of change</b>
Mr. Chu Kingston Chun Ho	<p>With effect from 1 April 2016, monthly remuneration has been increased from approximately HK\$180,000 to approximately HK\$200,000.</p> <p>Appointed on 8 September 2016 as the Non-executive Director of New Concepts Holdings Limited, a company listed on the Main Board of the Stock Exchange.</p>
Mr. Ho Chi Ho	<p>With effect from 1 April 2016, monthly remuneration has been increased from approximately HK\$180,000 to approximately HK\$200,000.</p>
Dr. Wong Yun Kuen	<p>With effect from 15 September 2016, Dr. Wong has been re-designated from independent non-executive Director to non-executive director of China Sandi Holdings Limited, a company listed on the Main Board of the Stock Exchange.</p> <p>Appointed on 5 July 2016 as the Executive Director of Ngai Shun Holdings Limited, a company listed on the Main Board of the Stock Exchange.</p>

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, 24 November 2016