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

(Incorporated in Bermuda with limited liability)

(Stock Code: 01031)

ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2014

The board of directors (the “Board”) of Kingston Financial Group Limited (the “Company”) announces the audited consolidated annual results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 March 2014 as follows:

FINANCIAL HIGHLIGHTS

- Revenue for the year ended 31 March 2014 was HK\$1,847,685,000, representing an increase of 34.1% from HK\$1,377,988,000 for the year ended 31 March 2013 (the Previous Year”).
- Profit for the year attributable to owners of the Company for the year ended 31 March 2014 was HK\$771,060,000, representing an increase of 43.4% from HK\$537,884,000 for the Previous Year.
- Earnings per share for the year ended 31 March 2014 increased from HK3.10 cents to HK4.44 cents.
- The Board recommended the payment of a final dividend of HK1.5 cents per share (2013: HK1.0 cent).

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the year ended 31 March 2014

	<i>Notes</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Revenue	4	1,847,685	1,377,988
Other income		71,980	15,727
		1,919,665	1,393,715
Inventory consumed		(22,175)	(22,697)
Staff costs		(190,209)	(169,226)
Gaming commission		(163,685)	(170,827)
Broker commission		(37,767)	(30,068)
Interest expenses for securities brokerage and margin financing operations		(69,957)	(43,093)
Depreciation		(121,049)	(109,103)
Impairment loss on advances to customers in margin financing, trade and other receivables		(5,302)	(874)
Administrative expenses		(106,592)	(122,688)
Other operating expenses		(164,675)	(64,334)
		(881,411)	(732,910)
Finance income		4,932	5,427
Finance cost	6	(58,800)	(56,552)
Loss from sales of trading securities		(675)	(195)
Fair value loss on trading securities		(2,425)	(759)
Exchange loss		(4,328)	(4,781)
Surplus on revaluation of leasehold land and buildings		–	10,732
Share of results of joint ventures		(1,262)	(435)
Impairment loss on intangible assets held for sale	14	(74,741)	–
		(137,299)	(46,563)
Profit before taxation	8	900,955	614,242
Taxation	7	(125,235)	(74,209)
Profit for the year		775,720	540,033

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

For the year ended 31 March 2014

	<i>Notes</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Profit for the year		<u>775,720</u>	<u>540,033</u>
Other comprehensive income	<i>11</i>		
Item that will not be reclassified to profit or loss:			
Surplus on revaluation of leasehold land and buildings		484,720	304,229
Item that may be reclassified subsequently to profit or loss:			
Unrealised (loss)/gain arising from change in fair value of available-for-sale investments		(517)	323
Exchange differences arising on translation of foreign operations		<u>(23,404)</u>	<u>—</u>
Other comprehensive gain for the year, net of tax		<u>460,799</u>	<u>304,552</u>
Total comprehensive income for the year		<u><u>1,236,519</u></u>	<u><u>844,585</u></u>
Profit for the year attributable to:			
Owners of the Company		771,060	537,884
Non-controlling interests		<u>4,660</u>	<u>2,149</u>
		<u><u>775,720</u></u>	<u><u>540,033</u></u>
Total comprehensive income attributable to:			
Owners of the Company		1,231,859	842,436
Non-controlling interests		<u>4,660</u>	<u>2,149</u>
		<u><u>1,236,519</u></u>	<u><u>844,585</u></u>
Earnings per share (cents per share)	<i>10</i>		
— Basic		4.44	3.10
— Diluted		<u>4.44</u>	<u>3.10</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2014

	Notes	2014 HK\$'000	2013 HK\$'000
Non-current assets			
Property, plant and equipment		3,303,334	2,847,791
Deferred tax assets		6,107	6,107
Deposit for hotel renovation		–	1,128
Statutory deposit for financial services business		7,484	4,452
Goodwill		10,996,683	10,996,683
Interests in joint ventures		24	1,281
		<u>14,313,632</u>	<u>13,857,442</u>
Current assets			
Inventories		2,996	2,942
Available-for-sale investments		1,387	4,895
Trading securities		48,692	50,121
Loan receivable		–	406,827
Advances to customers in margin financing	12	9,133,772	6,279,044
Trade and other receivables	13	188,513	129,593
Tax recoverable		–	990
Cash and bank balances — held on behalf of customers		1,651,393	731,306
Cash and bank balances — general accounts		210,861	188,102
		<u>11,237,614</u>	<u>7,793,820</u>
Intangible assets held for sale	14	322,685	–
		<u>11,560,299</u>	<u>7,793,820</u>
Current liabilities			
Trade and other payables	15	1,863,074	872,082
Amounts due to shareholders		2,847,111	1,661,111
Loan from a related company		2,952,639	2,289,821
Subordinated loans		700,000	700,000
Promissory notes		–	961,200
Bank loans		1,324,000	150,000
Tax payable		76,712	31,363
		<u>9,763,536</u>	<u>6,665,577</u>
Net current assets		<u>1,796,763</u>	<u>1,128,243</u>
Total assets less current liabilities		<u>16,110,395</u>	<u>14,985,685</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION — CONTINUED*As at 31 March 2014*

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Non-current liabilities		
Deferred tax liabilities	<u>220,506</u>	<u>158,670</u>
Total Non-current liabilities	<u>220,506</u>	<u>158,670</u>
Total liabilities	<u>9,984,042</u>	<u>6,824,247</u>
Net assets	<u><u>15,889,889</u></u>	<u><u>14,827,015</u></u>
Capital and reserves		
Share capital — ordinary shares	242,290	242,290
Share capital — non-redeemable convertible preference shares	105,000	105,000
Reserves	<u>15,534,501</u>	<u>14,466,287</u>
Total equity attributable to owners of the Company	15,881,791	14,813,577
Non-controlling interests	<u>8,098</u>	<u>13,438</u>
Total equity	<u><u>15,889,889</u></u>	<u><u>14,827,015</u></u>

SCOPE OF WORKS OF MESSRS. BDO LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2014 as set out in this announcement have been agreed by the Group's auditors, Messrs. BDO Limited, to the amounts set out in the Group's audited consolidated financial statement for the year. The work performed by Messrs. BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. BDO Limited in this announcement.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

Except as described in note 3, the accounting policies adopted for preparation of the consolidated financial statements are consistent with those followed in the preparation of the Company's consolidated financial statements for the year ended 31 March 2013.

3. ADOPTION OF NEW AND REVISED STANDARDS

(a) Adoption of new/revised HKFRSs — effective 1 April 2013

In the current year, the Group has applied the following new and revised HKFRSs issued by the HKICPA.

HKFRSs (Amendments)	Annual Improvements 2009–2011 Cycle
HKFRSs (Amendments)	Annual Improvements 2010–2012 Cycle
HKFRSs (Amendments)	Annual Improvements 2011–2013 Cycle
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income
Amendments to HKFRS 7	Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures
HKAS 19 (2011)	Employee Benefits

Except as explained below, the adoption of these amendments has no material impact on the Group's financial statements.

HKFRSs (Amendments) — Annual Improvements 2009–2011 Cycle

HKAS 1 has been amended to clarify that an opening statement of financial position is required only when a retrospective application of an accounting policy, a retrospective restatement or reclassification has a material effect on the information presented in the opening position. Further, this opening statement of financial position does not have to be accompanied by comparative information in the related notes. This is consistent with the Group's existing accounting policy.

HKFRSs (Amendments) — Annual Improvements 2010–2012 Cycle

The Basis of Conclusions for HKFRS 13 Fair Value Measurement was amended to clarify that short-term receivables and payables with no stated interest rate can be measured at their invoice amounts without discounting, if the effect of discounting is immaterial. This is consistent with the Group's existing accounting policy.

HKFRSs Amendment — Annual Improvements 2011–2013 Cycle

The Basis of Conclusions to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards was amended to clarify that a first-time adopter is allowed, but not required, to apply a new HKFRS that is not mandatory if that HKFRS permits early application and provided that HKFRS is applied in all periods presented unless HKFRS 1 provides an exemption or exception. The adoption of the amendments has no impact on these financial statements as the Group is not a first-time adopter of HKFRS.

Amendments to HKAS1 (Revised) — Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit and loss in the future and those that may not. Tax on items of other comprehensive income is allocated and disclosed on the same basis.

The Group has adopted the amendments retrospectively for the financial year ended 31 March 2014. Items of other comprehensive income that may and may not be reclassified to profit and loss in the future have been presented separately in the consolidated statement of profit or loss and other comprehensive income. The comparative information has been restated to comply with the amendments. As the amendments affect presentation only, there are no effects on the Group's financial position or performance.

Amendments to HKFRS 7 — Offsetting Financial Assets and Financial Liabilities

HKFRS 7 is amended to introduce disclosures for all recognised financial instruments that are set off under HKAS 32 and those that are subject to an enforceable master netting agreement or similar arrangement, irrespective of whether they are set off under HKAS 32.

HKFRS 10 — Consolidated Financial Statements

HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them.

The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The accounting requirements in HKAS 27 (2008) on other consolidation related matters are carried forward unchanged. The Group has changed its accounting policy in determining whether it has control of an investee and therefore is required to consolidate that interest. The adoption of HKFRS 10 has no significant impact on the Group.

HKFRS 11 — Joint Arrangements

Joint arrangements under HKFRS 11 have the same basic characteristics as joint ventures under HKAS 31. Joint arrangements are classified as either joint operations or joint ventures. Where the Group has rights to the assets and obligations for the liabilities of the joint arrangement, it is regarded as a joint operator and will recognise its interests in the assets, liabilities, income and expenses arising from the joint arrangement. Where the Group has rights to the net assets of the joint arrangement as a whole, it is regarded as having an interest in a joint venture and will apply the equity method of accounting, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). HKFRS 11 does not allow proportionate consolidation of a joint venture arrangement. In an arrangement structured through a separate vehicle, all relevant facts and circumstances should be considered to determine whether the parties to the arrangement have rights to the net assets of the arrangement. Previously, the existence of a separate legal entity was the key factor in determining the existence of a jointly controlled entity under HKAS 31. The Group has changed its accounting policy for joint arrangements. The adoption of HKFRS 11 has no significant impact on the Group.

HKFRS 12 — Disclosure of Interests in Other Entities

HKFRS 12 integrates and makes consistent the disclosures requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity's interests in other entities and the effects of those interests on the reporting entity's financial statements.

As the new standard affects only disclosure, there is no effect on the Group's financial position and performance.

HKFRS 13 — Fair Value Measurement

HKFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with HKFRS 7 "Financial Instruments: Disclosures". HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. HKFRS 13 is applied prospectively.

HKFRS 13 did not materially affect any fair value measurements of the Group's assets and liabilities and therefore has no effect on the Group's financial position and performance. The standard requires additional disclosures about fair value measurements. Comparative disclosures have not been presented in accordance with the transitional provisions of the standard.

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

The following new/revised HKFRSs have been issued, but are not yet effective and have not been early adopted by the Group.

Amendments to HKAS 32 HKFRS 9	Offsetting Financial Assets and Financial Liabilities ¹ Financial Instruments ⁴
Amendments to HKFRS 9, HKFRS 7 and HKAS 39	Hedge Accounting ⁵
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment entities ¹
Amendments to HKAS 19 (2011)	Defined Benefit Plans: Employee Contributions ²
Amendments to HKAS 39 HK (IFRIC) 21	Novation of Derivatives and Continuation of Hedge Accounting ¹ Levies ¹
HKFRSs (Amendments)	Annual Improvements 2010–2012 Cycle ³
HKFRSs (Amendments)	Annual Improvements 2011–2013 Cycle ²

¹ Effective for annual periods beginning on or after 1 January 2014

² Effective for annual periods beginning on or after 1 July 2014

³ Effective for annual periods beginning, or transactions occurring, on or after 1 July 2014

⁴ Effective for annual periods beginning on or after 1 January 2015

⁵ No mandatory effective date has yet been determined but is available for adoption

The Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs and the Directors are not yet in a position to quantify the effects on the Group's financial statements.

4. REVENUE

	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Financial services business		
— securities brokerage, underwriting and placements	200,698	150,578
— margin and IPO financing	659,204	453,410
— other financial services	29,990	12,980
Hotels and gaming business		
— room rental	202,503	175,268
— food and beverage	57,608	58,078
— gaming revenue	690,937	523,899
— other rental income	6,745	3,775
	<u>1,847,685</u>	<u>1,377,988</u>

5. SEGMENTAL INFORMATION

For management purposes, the Group is organised into business units based on their services, and has seven (31 March 2013: 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 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.
- Casino segment is the operation of casino 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, taxation, expenses in relation to the grant of share options, impairment losses, write-off of property, plant and equipment, surplus on revaluation of property, plant and equipment and gain on lapse of derivative financial liabilities) 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 statement of profit or loss and other comprehensive income.

Operating segments

The following tables represent segment information of the Group provided to the Group's management for the year ended 31 March 2014 and 2013, respectively.

For the year ended 31 March 2014

	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	Casino HK\$'000	Securities Investment HK\$'000	Total HK\$'000
Segment Revenue									
External customers	200,698	659,204	29,990	889,892	209,246	37,650	710,897	-	1,847,685
Inter-segment	31	-	960	991	37,924	-	7,152	-	46,067
	<u>200,729</u>	<u>659,204</u>	<u>30,950</u>	<u>890,883</u>	<u>247,170</u>	<u>37,650</u>	<u>718,049</u>	<u>-</u>	<u>1,893,752</u>
Adjusted EBITDA	<u>218,451</u>	<u>613,990</u>	<u>29,990</u>	<u>862,431</u>	<u>169,660</u>	<u>(6,547)</u>	<u>312,209</u>	<u>(830)</u>	<u>1,336,923</u>
Segment Assets				<u>21,892,079</u>	<u>2,609,053</u>	<u>441,510</u>	<u>490,571</u>	<u>48,692</u>	<u>25,481,905</u>
Capital expenditure				87	18,468	3,430	3,063	-	25,048
Segment Liabilities				<u>7,285,705</u>	<u>240,845</u>	<u>10,398</u>	<u>33,283</u>	<u>5</u>	<u>7,570,236</u>

For the year ended 31 March 2013

	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	Casino HK\$'000	Securities Investment HK\$'000	Total HK\$'000
Segment Revenue									
External customers	150,578	453,410	12,980	616,968	178,738	39,482	542,800	-	1,377,988
Inter-segment	24	-	960	984	59,836	-	6,152	-	66,972
	<u>150,602</u>	<u>453,410</u>	<u>13,940</u>	<u>617,952</u>	<u>238,574</u>	<u>39,482</u>	<u>548,952</u>	<u>-</u>	<u>1,444,960</u>
Adjusted EBITDA	<u>165,578</u>	<u>407,583</u>	<u>12,982</u>	<u>586,143</u>	<u>169,179</u>	<u>(4,530)</u>	<u>207,305</u>	<u>1,733</u>	<u>959,830</u>
Segment Assets				<u>18,102,133</u>	<u>2,151,112</u>	<u>457,142</u>	<u>422,787</u>	<u>50,121</u>	<u>21,183,295</u>
Capital expenditure				-	33,264	7,474	23,704	-	64,442
Segment Liabilities				<u>4,726,108</u>	<u>179,168</u>	<u>14,692</u>	<u>29,993</u>	<u>-</u>	<u>4,949,961</u>

Reconciliations of segment revenues, adjusted EBITDA, assets and liabilities

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Segment revenue	1,893,752	1,444,960
Elimination of inter-segment revenue	<u>(46,067)</u>	<u>(66,972)</u>
Consolidated revenue	<u>1,847,685</u>	<u>1,377,988</u>
Adjusted EBITDA	1,336,923	959,830
Other income	4,163	5,050
Interest income	620	734
Exchange loss	(4,328)	(4,781)
Corporate staff cost	(87,242)	(73,054)
Corporate overhead	(115,361)	(105,811)
Depreciation	(121,049)	(109,103)
Gain on lapse of derivative financial liabilities	21,722	–
Expenses in relation to the grant of share options	–	(494)
Impairment losses on trade and other receivables	–	(874)
Share of results of joint ventures	(1,262)	(435)
Write off of property, plant and equipment	–	(11,856)
Gain/(loss) on disposal of property, plant and equipment	310	(503)
Surplus on revaluation of leasehold land and buildings	–	10,732
Finance cost	(58,800)	(56,552)
Reversal of impairment loss on trade and other receivables	–	1,359
Impairment loss on intangible assets held for sale	(74,741)	–
Taxation	<u>(125,235)</u>	<u>(74,209)</u>
Profit for the year	<u>775,720</u>	<u>540,033</u>
Segment assets	25,481,905	21,183,295
Deferred tax assets	6,107	6,107
Loan receivable	–	406,827
Intangible assets held for sale	322,685	–
Available-for-sale investments	1,387	4,895
Unallocated corporate assets	<u>61,847</u>	<u>50,138</u>
Total assets	<u>25,873,931</u>	<u>21,651,262</u>
Segment liabilities	7,570,236	4,949,961
Promissory Notes	–	961,200
Amount due to shareholders	2,410,000	900,000
Unallocated corporate liabilities	<u>3,806</u>	<u>13,086</u>
Total liabilities	<u>9,984,042</u>	<u>6,824,247</u>

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

- all assets are allocated to reportable segments other than deferred tax assets, loan receivables, available-for-sale investments and assets used jointly by reportable segments.
- all liabilities are allocated to reportable segments other than the promissory notes, amounts due to shareholders and liabilities for which reportable segments are jointly liable.

Geographical segment information

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

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Hong Kong	11,012,181	11,016,386
Macau	3,287,860	2,830,497
Total non-current assets	<u>14,300,041</u>	<u>13,846,883</u>

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

Information about major customers

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Sociedade De Jogos De Macau, S.A. ("SJM") (<i>note</i>)	<u>690,937</u>	<u>523,899</u>

Note: Revenue from income from casino

6. FINANCE COST

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Interest on promissory notes	<u>58,800</u>	<u>56,552</u>

7. TAXATION

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Current tax:		
Hong Kong profits tax	128,283	77,404
Macau profit tax	1,214	–
Deferred tax	(4,262)	(3,195)
	<u>125,235</u>	<u>74,209</u>

- (a) Hong Kong profits tax has been provided for the year ended 31 March 2014 at a rate of 16.5% (2013: 16.5%).
- (b) Macau Complementary Tax has been provided for the year ended 31 March 2014 at rate of 12% (2013: Nil). Subsequent to the year ended 31 March 2014, the Group's wholly owned subsidiary, Good Start Group Limited, received a tax notice issued by Macau Financial Services Bureau dated 29 April 2014 assessing its Macau Complementary Tax payable for the year of assessment 2009 and 2010 to be approximately HK\$15,000,000 and HK\$20,000,000 respectively. No such taxation has been provided for current and previous years up to the year ended 31 March 2014.
- (c) Income tax arising in other jurisdictions is calculated at rate prevailing in respective jurisdictions.
- (d) The taxation for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Profit before taxation	<u>900,955</u>	<u>614,242</u>
Tax calculated at domestic tax rate of 16.5%	148,658	101,350
Effect of different tax rates of subsidiaries operating in other jurisdictions	(14,684)	(11,555)
Tax effect of non-deductible expenses	116,100	97,254
Tax effect of non-taxable income	(129,862)	(119,361)
Deferred tax assets not recognised	8,576	7,513
Utilisation of tax losses not recognised	(2,939)	–
Others	(614)	(992)
Taxation for the year	<u>125,235</u>	<u>74,209</u>

8. PROFIT BEFORE TAXATION

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Auditors' remuneration	2,126	1,973
Marketing, advertising and promotion expenses	83,359	25,980
Operating lease charges	35,955	34,897
	<u> </u>	<u> </u>

9. DIVIDEND

No interim dividend was declared for the six months ended 30 September 2013 and 2012.

The Directors recommended the payment of final dividend of HK1.5 cents per share for the year ended 31 March 2014 (2013: HK1 cent per share).

10. EARNINGS PER SHARE

	2014 HK cent	2013 HK cent
Basic earnings per share	<u>4.44</u>	<u>3.10</u>
Diluted earnings per share	<u>4.44</u>	<u>3.10</u>

(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:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Profit for the purpose of basic earnings per share	<u>771,060</u>	<u>537,884</u>
Weighted average number of ordinary shares	12,114,480,666	12,101,794,803
Weighted average number of non-redeemable convertible preference shares	<u>5,250,000,000</u>	<u>5,250,000,000</u>
Weighted average number of shares for the purposes of basic earnings per share	<u>17,364,480,666</u>	<u>17,351,794,803</u>

(b) Diluted earnings per share

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares in issue during the year ended 31 March 2014 and 2013.

11. OTHER COMPREHENSIVE INCOME

	2014			2013		
	Before tax HK\$'000	Tax HK\$'000	After tax HK\$'000	Before tax HK\$'000	Tax HK\$'000	After tax HK\$'000
Surplus on revaluation of leasehold land and buildings	550,818	(66,098)	484,720	345,715	(41,486)	304,229
Unrealised (loss)/gain arising from change in fair value of available-for-sale investments	(517)	–	(517)	323	–	323
Exchange differences arising on translation of foreign operations	(23,404)	–	(23,404)	–	–	–
Other comprehensive income	<u>526,897</u>	<u>(66,098)</u>	<u>460,799</u>	<u>346,038</u>	<u>(41,486)</u>	<u>304,552</u>

12. ADVANCES TO CUSTOMERS IN MARGIN FINANCING

	2014 HK\$'000	2013 HK\$'000
Directors of subsidiaries and their associates	119,719	270,289
Other margin clients	9,026,700	6,032,185
Less: Allowance for doubtful debt	(12,647)	(23,430)
	<u>9,133,772</u>	<u>6,279,044</u>

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

	2014 HK\$'000	2013 HK\$'000
At the beginning of the year	23,430	23,430
Impairment loss recognised	5,302	–
Impairment loss reversed	(16,085)	–
At the end of the year	<u>12,647</u>	<u>23,430</u>

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.

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 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.

13. TRADE AND OTHER RECEIVABLES

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Trade receivables from financial services segments	29,706	27,504
Trade receivables from hotel and gaming segments	125,555	63,724
Other receivables, deposits and prepayments	33,252	38,365
	<u>188,513</u>	<u>129,593</u>

Trade receivables from financial services segments

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Accounts receivable arising from the ordinary course of business of dealing in securities:		
Cash clients	10,964	18,544
Clearing house	6,803	–
Brokers and dealers	29	26
Accounts receivable arising from the ordinary course of business of dealing in futures contracts:		
Clearing house	10,184	7,539
Accounts receivable arising from the ordinary course of business of provision of:		
Corporate finance advisory services	<u>1,726</u>	<u>1,395</u>
	<u>29,706</u>	<u>27,504</u>

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

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

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:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
0–30 days	95,325	48,797
31–60 days	25,527	14,042
61–90 days	1,519	590
Over 90 days	26,568	23,679
	148,939	87,108
Allowance for doubtful debt	(23,384)	(23,384)
	125,555	63,724

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
At beginning of the year	23,384	23,869
Impairment loss reversed	–	(485)
At end of the year	23,384	23,384
	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Neither past due nor impaired	95,325	48,797
Past due but not impaired:		
Less than 1 month past due	25,527	14,042
1 to 3 months past due	4,703	885
	30,230	14,927
	125,555	63,724

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

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

14. INTANGIBLE ASSETS HELD FOR SALE

Cost	<i>HK\$'000</i>
At 1 April 2013	–
Additions in year	423,100
Impairment loss	(74,741)
Exchange realignment	(25,674)
	<hr/>
At 31 March 2014	322,685
	<hr/> <hr/>

The intangible assets held for sale represented the costs of the 15 subsurface mineral permits acquired as part of the settlement agreement (the “Settlement Agreement”) with the borrower of a loan receivable. The settlement was completed on 7 June 2013 (the “Closing Date”).

The permits are 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.

Pursuant to the Settlement Agreement, the borrower shall have the right to purchase all the permits by unilateral written notice to the Group at an exercise price of CAD82,000,000 net of any liability within 180 days from the Closing Date. The right lapsed on 5 December 2013.

The permits are presented as intangible assets held for sale following the intention of the Group’s management to dispose of these permits. It is expected that the permits will be sold within twelve months from the date of classification.

In accordance with HKFRS 5 the intangible assets held for sale have been written down to their fair value less costs to sell of HK\$322,685,000. This is a non-recurring fair value measurement.

An impairment loss of HK\$74,741,000 has been recognised on the measurement of the intangible assets held for sale to fair value less costs to sell.

The valuations of intangible assets held for sale were carried out by Roma Appraisal Limited, an independent valuer who holds recognised and relevant professional qualifications and has recent experience in the location and category of the intangible assets held for sale being valued.

15. TRADE AND OTHER PAYABLES

	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables from financial services segments	1,760,004	778,769
Trade payables from hotel and gaming segments	30,053	17,095
Other payable and accruals	73,017	76,218
	<hr/>	<hr/>
	1,863,074	872,082
	<hr/> <hr/>	<hr/> <hr/>

Trade payables from financial services segments

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Accounts payable arising from the ordinary course of business of dealing in securities:		
Cash clients	232,129	330,128
Margin clients	<u>1,509,127</u>	<u>416,185</u>
	1,741,256	746,313
Dividend payable to clients	–	2
Clearing house	–	15,783
Brokers and dealers	–	1
Accounts payable arising from the ordinary course of business of dealing in futures contracts:		
Clients	16,763	15,352
Accounts payable arising from the ordinary course of business of provision of:		
Corporate finance advisory services	46	13
Assets management services	<u>1,939</u>	<u>1,305</u>
	<u>1,760,004</u>	<u>778,769</u>

The settlement terms of accounts payable attributable to dealing in securities are 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 31 March 2014, included in accounts payable was an amount of HK\$1,651,393,000 (2013: HK\$731,306,000) 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:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
0–30 days	14,158	12,251
31–60 days	13,159	4,484
61–90 days	1,440	208
Over 90 days	<u>1,296</u>	<u>152</u>
	<u>30,053</u>	<u>17,095</u>

16. CONTINGENT LIABILITIES

Subsequent to the year end date, the Group's wholly owned subsidiary Good Start Group Limited received a tax notice issued by Macau Financial Services Bureau dated 29 April 2014 assessing its Macau Complementary Tax payable for the year of assessment 2009 and 2010 to be approximately HK\$15,000,000 and HK\$20,000,000 respectively. Good Start Group Limited lodged an objection letter on 22 May 2014 to appeal against the assessment according to stipulated appeal procedures. In the opinion of directors, the Group has valid grounds for the appeal and they believed that the gaming revenue generated through Good Start Group Limited's Service Agreement with SJM is not subject to Macau Complementary Tax since it is derived from SJM gaming revenue, which gaming revenue is exempted pursuant to Macau Law. Accordingly, no provision of taxation is considered given the chances for the chargeability is remote.

If the Group's appeal for year of assessment 2009 and 2010 is eventually unsuccessful and if the same basis of taxation applies for subsequent years of assessment from 2011 to 2013, the Group will have to pay approximately HK\$118,000,000 of Macau Complementary Tax for its mass market business in Macau since 2009. 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 prior to 2009.

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 result of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2014.

OVERVIEW

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

The Group's turnover was approximately HK\$1,847,685,000 for the year ended 31 March 2014, representing a significant increase of 34.1% as compared with approximately HK\$1,377,988,000 for the Previous Year.

Profit for the year attributable to owners of the Company's for the year ended 31 March 2014 amounted to approximately HK\$771,060,000, representing a significant increase of 43.4% as compared with approximately HK\$537,884,000 for the Previous Year. The increase was mainly due to the increase in income from securities brokerage, underwriting and placement, margin and IPO financing and casino business. The basic earnings per share for the year ended 31 March 2014 was HK4.44 cents (2013: HK3.10 cents).

BUSINESS AND FINANCIAL REVIEW

2013 marked a year of the global financial crisis hangover period. The European economy was undergoing a long climb back to the new normal. Meanwhile, the Beige Book surveys released by the U.S. Federal Reserve indicated signs of modest to moderate expansion in the region. On this side, the Hong Kong market continued to enjoy trading prosperity. For the year ended 31 March 2014, the average daily turnover of the Hong Kong securities market was HK\$60.6 billion, an increase of 8% when compared with HK\$56.3 billion for the same period last year. Furthermore, Hong Kong's IPO market was on track to regain its position, having a total of 87 newly-listed companies during the year, as compared to 45 reported IPOs for the corresponding period in 2013. The booming local financial market definitely played an important role for driving up the Company's business activities this year.

As for the Macau casino operation, the steady growth in the city's overall gaming revenue boosted by an increase in the number of Chinese visitors had positive impact on the operation. During the year, total gross gaming revenue in Macau reached MOP377.7 billion, up 20% as compared to MOP315.1 billion for the corresponding period last year.

Securities Brokerage, Underwriting and Placements

Securities 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 comprehensive 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.

During the year, this segment recorded revenue of approximately HK\$200,698,000 (2013: HK\$150,578,000), representing an increase of 33.3% as compared with the Previous Year, which also accounted for 22.6% (2013: 24.4%) of the Group's financial service segment revenue.

Margin and IPO Financing

Margin and IPO financing services are provided by the Group to complement its securities brokerage business. 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.

During the year, revenue generated from the margin and IPO financing segment amounted to approximately HK\$659,204,000 (2013: HK\$453,410,000), representing a significant increase of 45.4% as compared to the Previous Year, which also accounted for 74.1% (2013: 73.5%) of the Group's financial service segment revenue.

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

Complementing the securities brokerage, underwriting and placements, and margin and IPO financing, the Group also provides a full range of 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 and advising clients on 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. Clients can place orders on the internet in addition to telephone. In addition, After Hours Future Trading has been launched on 8 April 2013.

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.

During the year, this segment recorded revenue of approximately HK\$29,990,000 (2013: HK\$12,980,000), representing a drastic increase of 131.0% as compared to the Previous Year, which also accounted for 3.3% (2013: 2.1%) of the Group's financial service segment revenue.

Goodwill Impairment Assessment

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

Hotel Business

The Group's hotel operation, mainly comprising hotel rooms, food and beverage sale and other rental income, continued to provide solid return to the Group. The revenue for the year ended 31 March 2014 amounted to approximately HK\$246,896,000 (2013: HK\$218,220,000), representing an increase of 13.1% as compared to the Previous Year. Hotel business contributed 25.8% (2013: 28.7%) of the total hotel and gaming business turnover. During the year, the average occupancy rates of the two hotels, namely Casa Real and Grandview were approximately 89% (2013: 88%) and 84% (2013: 80%) respectively. With full scale of newly renovated guest rooms, the Group was in the better position to solicit high quality guests to further enhance profitability in the hotel segment. Sales would be more diversified into different markets of the world.

Gaming Business

The Group's casino operation is run by the licence holder Sociedade de Jogos de Macau, S.A.. The two casinos consistently provided solid contributions to the Group in line with the rapid development of the gaming industry in Macau. To retain quality customers and attract potential ones, the Group strengthened its membership programmes and provided a variety of incentives for members to increase their spending in the casinos as well.

Casino revenue, including gaming revenue and food and beverage sale in casino, amounted to approximately HK\$710,897,000 for the year ended 31 March 2014, representing an increase of 31.0% as compared to approximately HK\$542,800,000 of the Previous Year. Casino revenue accounted for 74.2% (2013: 71.3%) of total hotel and gaming business turnover.

As at 31 March 2014, the Group has 59 (2013: 61) tables in the 2 mass market halls, 12 (2013: 11) tables in the 2 self-managed VIP rooms and 240 (2013: 255) slot machines and 140 (2013: 140) live baccarat machines in the 2 electronic gaming halls. The live baccarat machines at Casa Real brought additional crowd to the property, achieving synergy with the slot machines business as well.

Trading of listed securities

During the year, the global equity market experienced moderate ups and downs and Hong Kong was in general in line with it. The market value of the trading securities held by the Group during the year recorded a revaluation deficit of approximately HK\$2,425,000 (2013: HK\$759,000). As at 31 March 2014, the Group was holding trading securities of approximately HK\$48,692,000 (2013: HK\$50,121,000) in market value.

Inventory consumed

Inventory consumed represents the cost of guest supplies and food and beverage consumed upon provision of accommodation and catering services to the customers. During the year, it amounted to approximately HK\$22,175,000 (2013: HK\$22,697,000).

Staff costs

Staff costs amounted to approximately HK\$190,209,000 (2013: HK\$169,226,000). Such an increase was mainly due to increase in compensation and benefits to employee to match market rates. Packages commensurate with employees' qualifications and experience were provided to retain good employees in the Group as well as to hire potential talents.

Gaming commission

Gaming commission represents amount paid as an incentive for attract customers. The commission paid by the Group was in line with market level. During the year, it amounted to approximately HK\$163,685,000 (2013: HK\$170,827,000). The commission rates were stable during the year.

Administrative expenses

Administrative expenses mainly represent rent and rates, legal and professional fees, advertising and Macau property tax. During the year, it amounted to approximately HK\$106,592,000 (2013: HK\$122,688,000). Overall expenses had been controlled as the Group has been adopting a prudent cost management during the year.

Other operating expenses

Other operating expenses mainly represent operating expenses for hotel rooms and gaming facilities and promotion expenses. During the year, it amounted to approximately HK\$164,675,000 (2013: HK\$64,334,000). The increase was mainly due to increase in gaming promotion expenses for VIP room which was in line with the significant increase in revenue from casino business during the year.

Impairment Loss for Intangible Assets Held for Sale

An impairment loss of HK\$74,741,000 has been recognised on the measurement of the intangible assets held for sale to fair value less costs to sell. Details are set out in note 14 to the financial statements on page 19 to this announcement.

Finance cost

During the year, finance cost represents the effective interest expense on promissory notes. It amounted to approximately HK\$58,800,000 (2013: HK\$56,552,000).

FUTURE PROSPECTS

Financial service segments

Looking forward, a number of factors may contribute to the growth of the industry. First, the Hong Kong Exchanges and Clearing Limited (HKEx) announced the Shanghai-Hong Kong Stock Connect program in April 2014. The Stock Exchange of Hong Kong and Shanghai Stock Exchange will establish mutual order-routing connectivity, and enable investors of their respective market to trade designated equity securities listed in the other's market. The program may create momentum for the long-term development of the Hong Kong capital market. We are ready to provide full support for the implementation of the scheme.

Second, the introduction of After-Hours Futures Trading (AHFT) in April 2013 enables market participants to hedge or adjust their positions in response to market news and events during the European and U.S. business days. We, as an active Stock Exchange Participant firm, warmly welcomed the system and has immediately executed staff reallocation to facilitate the change accordingly. The HKEx will extend the close of its AHFT from 11 pm to 11:45 pm from 3 November 2014, increasing AHFT's overlap with the business hours in key European and North American markets. We believed that extending the session will further enhance trade volume, thus raising the turnover from our trading services.

Last but not least, Hong Kong signed the 10th supplement for Closer Economic Partnership Arrangement (CEPA) during the year. Qualified Hong Kong-funded financial institutions will be allowed to set up joint venture fund management companies in the Mainland, marking further step towards trade liberalization between Mainland and Hong Kong. We believe the combination of the abovementioned may bring more new advantages in the Hong Kong financial market, and we have already equipped ourselves to explore and take actions should suitable opportunities arise.

Hotel and gaming segments

Regarding the Group's Macau business, the last batch of the hotel guest rooms renovation was done in July 2013, and the Group is planning to have further retouching in other parts of the properties to advance the overall image. Although lack of manpower continued to be a challenge in Macau for all industries, the Group shall regularly review and provide competitive remuneration to the Group's talents for maintaining quality services to guests. Furthermore, although the Tourism Law effective from 1 October 2013 results in less tours visiting Macau, the Group's hotels turned the focus on Free Individual Travellers well before, mitigating that effect to a great extent.

The Group continuously pursues various marketing and promotion activities through the comprehensive membership programmes. Our guests enjoy impressive services within the Group's properties with the use of our casino package. In view of the consistent growth in membership base of the programmes, the Group will further enhance the programmes to attract new customers.

Active floor management will be continuously in place in the electronic gaming halls, bringing extra revenue to the gaming segment.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

As at 31 March 2014 the shareholders' fund and net current assets of the Group amounted to approximately HK\$15,881,791,000 (2013: HK\$14,813,577,000) and approximately HK\$1,796,763,000 (2013: HK\$1,128,243,000) respectively. On the same date, the Group had cash and bank balance of approximately HK\$210,861,000 (2013: HK\$188,102,000) and the current ratio was 1.2 (2013: 1.2).

As at 31 March 2014, the Group had bank borrowings of approximately HK\$1,324,000,000 (2013: HK\$150,000,000), amounts due to shareholders of approximately HK\$2,847,111,000 (2013: HK\$1,661,111,000), loan from a related company of approximately HK\$2,952,639,000 (2013: HK\$2,289,821,000), promissory notes of HK\$Nil (2013: HK\$961,200,000) and subordinated loans of approximately HK\$700,000,000 (2013: 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 48% (2013: 38%).

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

	2014							
	HKD (’000)	CNY (’000)	USD (’000)	JPY (’000)	SGD (’000)	GBP (’000)	AUD (’000)	MOP (’000)
Cash and bank balances								
— general account	169,842	14,419	6	100	87	8	9	21,607
Bank loan	<u>1,324,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	2013							
	HKD (’000)	CNY (’000)	USD (’000)	JPY (’000)	SGD (’000)	GBP (’000)	AUD (’000)	MOP (’000)
Cash and bank balances								
— general account	159,030	4,425	358	100	46	8	6	19,740
Bank loan	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

CONTINGENT LIABILITIES

Details of contingent liabilities of the Group as at 31 March 2014 are set out in note 16 to the financial statements on page 21 to this announcement.

CAPITAL STRUCTURE

During the year ended 31 March 2014, no material fluctuation was noted on the Company’s overall share capital structure.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of HK1.5 cents (2013: HK1.0 cent) per Share for the year ended 31 March 2014 (“Final Dividend”), amounting to approximately HK\$260,467,000 (2013: HK\$173,645,000). The proposed Final Dividend is subject to approval by the Shareholders at the AGM and a resolution will be proposed to the Shareholders for voting at the AGM. If the resolution for the proposed Final Dividend is passed at the AGM, the proposed Final Dividend will be payable on 5 September 2014 to the Shareholders whose names appear on the register of members of the Company on 27 August 2014.

CLOSURE OF REGISTER OF MEMBERS

For ascertaining shareholders' right to attend and vote at AGM

Latest time to lodge transfers	4:30 p.m. on 15 August 2014 (Friday)
Book close date	18 August 2014 (Monday) to 19 August 2014 (Tuesday)
Record date	19 August 2014 (Tuesday)
AGM	19 August 2014 (Tuesday)

For ascertaining shareholders' entitlement to the proposed Final Dividend

Latest time to lodge transfers	4:30 p.m. on 25 August 2014 (Monday)
Book close date	26 August 2014 (Tuesday) to 27 August 2014 (Wednesday)
Record date	27 August 2014 (Wednesday)
Final Dividend payment date	5 September 2014 (Friday)

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

EMPLOYEES

As at 31 March 2014, the Group employed a total of approximately 877 (2013: 880) staff. The total staff cost for the year ended 31 March 2014 was approximately HK\$190,209,000 (2013: HK\$169,226,000). The employees' remuneration, promotion and salary adjustment are assessed based on their work performance, working and professional experiences and the prevailing market condition.

PLEDGE OF ASSETS

As at 31 March 2014, the Group had pledged clients' securities at a value of approximately HK\$7,465,204,000 (2013: HK\$6,563,506,000) to secure certain banking facilities provided to the Group.

MATERIAL ACQUISITIONS AND DISPOSALS

During the year, the Group acquired 15 subsurface mineral permits through a wholly owned subsidiary incorporated in Canada for cancellation of a loan receivable. Details are set in note 14 to the financial statements on page 19 to this announcement.

Save as disclosed above, there was no other material acquisition nor disposal conducted by the Group.

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 businesses and gaming revenue are mainly denominated in Hong Kong Dollars and hence no significant exchange rate risk is identified.

The Group is exposed to foreign currency risk primarily through loan receivable that are denominated in a currency other than its functional currency. The currency giving rise to this risk to the Group is primarily Canadian dollars. The Group currently does not have a foreign currency hedging policy. However, the management monitors the foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

TREASURY POLICY

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

REVIEW BY AUDIT COMMITTEE

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

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

During the year ended 31 March 2014, there were no purchases, sales or redemption of the Company's listed securities by the Company or any of its subsidiaries.

CORPORATE GOVERNANCE

The Group had complied with the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Listing Rules on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") during the year ended 31 March 2014.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors by Listed Issuers (the “Model Code”) set out in Appendix 10 of the Listing Rules. Upon enquiry by the Company, all directors of the Company have confirmed that they have complied with the required standards set out in the Model Code during the year ended 31 March 2014.

PUBLICATION OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE

The Company’s 2014 annual report, as well as the announcement of annual results, containing the relevant information required by the Listing Rules will be published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the Company’s website (<http://www.kingston.com.hk>) in due course.

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

Hong Kong, 25 June 2014

As at the date of this announcement, the executive Directors of the Company are Mr. Chu, Nicholas Yuk-yui (Chairman), Mrs. Chu Yuet Wah (Chief Executive Officer) and Mr. Ho Chi Ho and the independent non-executive Directors are Dr. Wong Yun Kuen, Mr. Lau Man Tak and Mr. Yu Peter Pak Yan.