



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

(Incorporated in Bermuda with limited liability)

(Stock Code: 01031)

2014 Interim Report



Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Chu, Nicholas Yuk-yui (*Chairman*)

Mrs. Chu Yuet Wah

(*Chief Executive Officer*)

Mr. Ho Chi Ho

Independent Non-executive Directors

Dr. Wong Yun Kuen

Mr. Lau Man Tak

Mr. Yu Peter Pak Yan

COMPANY SECRETARY

Mr. Lai Yick Fung (resigned on 4 April 2014)

Mr. Chan Chun Lam (appointed on
4 April 2014)

AUDIT COMMITTEE

Mr. Lau Man Tak (*Chairman*)

Dr. Wong Yun Kuen

Mr. Yu Peter Pak Yan

REMUNERATION COMMITTEE

Mr. Yu Peter Pak Yan (*Chairman*)

Dr. Wong Yun Kuen

Mr. Lau Man Tak

NOMINATION COMMITTEE

Dr. Wong Yun Kuen (*Chairman*)

Mr. Lau Man Tak

Mr. Yu Peter Pak Yan

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

Bank of China (Hong Kong) Limited

Chong Hing Bank Limited

BERMUDA LEGAL ADVISERS

Conyers Dill & Pearman

Room 2901, One Exchange Square

8 Connaught Place, Central

Hong Kong

REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

- A significant increase of approximately 70% in the profit attributable to the owners of the Company for the six months ended 30 September 2014 amounting to HK\$579,018,000, mainly due to increase in income from securities brokerage, underwriting and placements, margin and IPO financing businesses as compared to HK\$341,099,000 for the corresponding period of last year.
- Earnings per share for the six months ended 30 September 2014 increased significantly from HK1.96 cents to HK3.33 cents when compared with the corresponding period of last year.
- Turnover for the six months ended 30 September 2014 also increased significantly by approximately 41% from HK\$830,443,000 to HK\$1,169,021,000 when compared with 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 unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 September 2014.

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\$1,169,021,000 for the six months ended 30 September 2014, representing a significant increase of 41% as compared with approximately HK\$830,443,000 for the corresponding period of last year.

The unaudited net profit attributable to owners of the Company for the six months ended 30 September 2014, amounted to approximately HK\$579,018,000, representing a significant increase of approximately 70% as compared with approximately HK\$341,099,000 for the same period of 2013. The increase was mainly due to the increase in income from securities brokerage, underwriting and placement, margin and IPO financing businesses. The basic earnings per share for the six months ended 30 September 2014 was HK3.33 cents (six months ended 30 September 2013: HK1.96 cents).

BUSINESS AND FINANCIAL REVIEW

Credit to our team of experienced executives, favorable market environment and the strong capital base of the company, the Group achieved fruitful results across securities brokerage, underwriting and placements segment and margin and IPO financing segment.

During the period under review, the global financial market continuously faced stern challenges. The global recovery remained a drawn out process, with the weak recovery in the Euro-zone after the sovereign debt crisis in previous years causing disruptions, the U.S. economy remaining vulnerable and the Chinese economy slowing down. Furthermore, political conflicts also pose risks to the local investment market.

Management Discussion and Analysis

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

Despite all these factors, the Hong Kong market is still well positioned. For the six months ended 30 September 2014, the average daily turnover of the Hong Kong securities market was HK\$64.2 billion, representing an increase of 9.4% as compared to HK\$58.7 billion for the same period last year. The Hong Kong IPO market continue to boom given its unique geographical location to Mainland China, 64 companies were newly-listed during the period, as compared to 31 reported IPOs for the corresponding period in 2013. The growing local financial market definitely played an important role for driving up the Company's business activities.

As for the gaming operation, the general gaming market in Macau has been adversely affected by China's growth slowdown, the anti-corruption campaign and the curbs on China's UnionPay bank card. During the period, total gross gaming revenue in Macau slid 0.9% to MOP173.7 billion.

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 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 period, this segment recorded revenue of approximately HK\$148,201,000 (six months ended 30 September 2013: HK\$73,060,000), representing a significant increase of 103% as compared to corresponding period in 2013, which also accounted for 23% (six months ended 30 September 2013: 18%) 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.

Management Discussion and Analysis

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

Margin and IPO Financing *(Continued)*

During the period, revenue generated from the margin and IPO financing segment amounted to approximately HK\$492,812,000 (six months ended 30 September 2013: HK\$305,146,000), representing a significant increase of 62% as compared to the corresponding period in 2013, which also accounted for 75% (six months ended 30 September 2013: 78%) 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, sponsoring IPOs 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 Hong Kong 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.

During the period, this segment recorded revenue of approximately HK\$15,078,000 (six months ended 30 September 2013: HK\$15,332,000), representing a decrease of 2% as compared to the corresponding period in 2013, which also accounted for 2% (six months ended 30 September 2013: 4%) of the Group's financial service segment revenue.

Management Discussion and Analysis

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

Hotel Business

The Group's hotel operation, mainly comprising hotel rooms rental, food and beverage sales and other rental income, managed to capture the steady growth in the Macau tourism industry. The revenue for the six months ended 30 September 2014 amounted to approximately HK\$133,548,000 (six months ended 30 September 2013: HK\$107,329,000), representing an increase of 24% as compared to the corresponding period in 2013. Hotel business contributed 26% (six months ended 30 September 2013: 25%) of 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 90% (six months ended 30 September 2013: 88%) and 85% (six months ended 30 September 2013: 86%). 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 healthy growth of the gaming industry in Macau. To strengthen customer loyalty and attract potential ones, the Group bolstered its membership programmes and provided a variety of incentives for members to increase their spending in the casinos as well.

Gaming revenue, including gaming revenue and food and beverage sales in casino, amounted to approximately HK\$379,382,000 for the six months ended 30 September 2014, representing an increase of 15% as compared to approximately HK\$329,576,000 of the corresponding period in 2013. Gaming revenue accounted for 74% (six months ended 30 September 2013: 75%) of total hotel and gaming business turnover.

As at 30 September 2014, the Group has 58 (31 March 2014: 59) tables in the 2 mass market halls, 13 (31 March 2014: 12) tables in the 2 self-managed VIP rooms and 224 (31 March 2014: 240) slot machines and 140 (31 March 2014: 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 machine business as well.

Management Discussion and Analysis

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

BUSINESS AND FINANCIAL REVIEW *(Continued)*

Trading of listed securities

During the period, the global equity market experienced slight fluctuations while the Hong Kong equities grew steadily. The market value of the trading securities held by the Group during the period recorded a revaluation deficit of approximately HK\$1,862,000 (six months ended 30 September 2013: HK\$187,000). As at 30 September 2014, the Group was holding trading securities of approximately HK\$44,113,000 (31 March 2014: HK\$48,692,000) 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 under review, it amounted to approximately HK\$11,832,000 (six months ended 30 September 2013: HK\$10,662,000).

Staff costs

Staff costs amounted to approximately HK\$111,350,000 (six months ended 30 September 2013: HK\$104,028,000). Such increase was mainly due to increase in compensation and benefits to employee to match market rates. Remuneration 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 paid by the Group was in line with market level. During the period under review, the gaming commission amounted to approximately HK\$87,383,000 (six months ended 30 September 2013: HK\$79,793,000). The increase matched with the increase in income from gaming segment.

Administrative expenses

Administrative expenses mainly consist of rent and rates, legal and professional fees, advertising and Macau property tax. During the period under review, it amounted to approximately HK\$56,398,000 (six months ended 30 September 2013: HK\$53,162,000). For a better presentation, promotion expenses incurred in respect of VIP gaming halls in the same period last year was reclassified from Administrative Expenses to Other Operating Expenses in current period. This reclassification has no effect on the results and the financial position of the Group for both current and prior periods.

Management Discussion and Analysis

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

Other operating expenses

Other operating expenses mainly consist of operating expenses for hotel rooms and gaming facilities, promotion expenses of VIP gaming halls and supplier fees of slot and live baccarat operation. During the period under review, it amounted to approximately HK\$89,175,000 (six months ended 30 September 2013: HK\$68,499,000). For a better presentation, promotion expenses incurred in respect of VIP gaming halls in the same period last year was reclassified from Administrative Expenses to Other Operating Expenses in current period. This reclassification has no effect on the results and the financial position of the Group for both current and prior periods. The increase was mainly due to increase in supplier fees of slot and live baccarat operations and gaming promotion expenses for VIP gaming halls which was in line with the increase in revenue from gaming business during the period.

Finance cost

During the period under review, finance cost of approximately HK\$17,400,000 represented the effective interest expense on amount due to a shareholder. For the six months ended 30 September 2013, the finance cost of approximately HK\$29,191,000 represented the effective interest expenses on promissory note.

FUTURE PROSPECTS

Financial service segments

Looking forward, the Group is optimistic that the global market will regain some stronger growth momentum. A recovery is expected after passing through general booms and slumps in economic activity.

On the other hand, 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 have immediately executed staff reallocation to facilitate the change accordingly. The HKEx has extended the close of its AHFT from 11 pm to 11:45 pm since 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.

Second, Hong Kong signed the 10th supplement for Closer Economic Partnership Arrangement (CEPA) in late 2013. 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.

Management Discussion and Analysis

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

FUTURE PROSPECTS *(Continued)*

Financial service segments *(Continued)*

Last but not least, the Shanghai-Hong Kong Stock Connect program was launched on 17 November 2014. The Stock Exchange of Hong Kong and Shanghai Stock Exchange will establish a mutual order-routing connectivity that will enable investors in the respective markets 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. The Group promised to provide full support for the scheme.

We are convinced that Hong Kong will continue to play a major role in the internationalization of Chinese stock market and Renminbi, which is also beneficial to the local IPO and securities market.

We believe these may bring more new advantages and opportunities to the Hong Kong financial market and yet, we are well equipped for any challenge ahead.

Hotel and gaming segments

Regarding the Group's Macau business, its performance in the second half of the financial year will remain susceptible to the overall economic performance of Mainland China, the level of visitation to Macau, as well as the competitive situation among the casino operators.

The Group believes that the hotel and gaming segment will robust from the rejuvenation of Hengqin Island, an island in Zhuhai that connects Cotai via the Lotus Bridge. The revival of Hengqin Island is considered a key driver of mass market gaming segment in Macau, with the proximity, ease of access and the expectation of visitors to Hengqin's theme parks staying longer.

The Group is planning to have further upgrades in other parts of the properties to advance the overall image. The last batch of the hotel guest room renovation was completed in July 2013.

Looking forward, the Group will continue to maintain its strength in both the mass market and VIP gaming segments.

Overall

The Group will stay positive but cautious on managing its diversified businesses and look for potential investment opportunities in bringing greater value to its shareholders. At the same time, the Group is exploring various fund raising opportunities with a view to further expanding its business.

Management Discussion and Analysis

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)* **LIQUIDITY, FINANCIAL RESOURCES AND FUNDING**

As at 30 September 2014, the shareholders' fund and net current assets of the Group amounted to approximately HK\$16,197,713,000 (31 March 2014: HK\$15,881,791,000) and approximately HK\$2,178,312,000 (31 March 2014: HK\$1,796,763,000) respectively. On the same date, the Group had cash and bank balances of approximately HK\$228,410,000 (31 March 2014: HK\$210,861,000) and the current ratio was 1.2 (31 March 2014: 1.2).

As at 30 September 2014, the Group had bank borrowings of approximately HK\$1,835,000,000 (31 March 2014: HK\$1,324,000,000), amounts due to shareholders of approximately HK\$2,618,111,000 (31 March 2014: HK\$2,847,111,000), loan from a related company of approximately HK\$4,275,810,000 (31 March 2014: HK\$2,952,639,000), and subordinated loans of approximately HK\$700,000,000 (31 March 2014: 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 57% (31 March 2014: 48%).

CONTINGENT LIABILITIES

Details of the contingent liabilities of the Group were set out in note 26 to the financial statements.

CAPITAL STRUCTURE

During the six months ended 30 September 2014, no material fluctuation was noted on the Company's overall share capital structure.

EMPLOYEES

As at 30 September 2014, the Group employed a total of approximately 876 (31 March 2014: 877) staff. The total staff cost for six months ended 30 September 2014 was approximately HK\$111,350,000 (six months ended 30 September 2013: HK\$104,028,000). 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 2014, the Group had pledged clients' securities at a value of approximately HK\$9,717,830,000 (31 March 2014: HK\$7,465,202,000) to secure certain banking facilities provided to the Group.

Management Discussion and Analysis

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

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

RISK MANAGEMENT

Credit risk

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

Market risk

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

Liquidity risk

As part of its ordinary brokerage activities, the Group is exposed to liquidity risk arising from timing difference between settlement with clearing houses or brokers and clients. The goal of liquidity management is to enable the Group to adequately fund such business commitments as well as to comply with relevant financial resources rules applying to various licensed subsidiaries. To address the risk, the Group's Accounts Department and the senior management will review and monitor the Group's liquidity position on daily basis to ensure the availability of sufficient liquid funds. In addition, the Group has also put in place stand-by banking and other facilities in order to meet any contingency in its operations. The management believes the Group's working capital is adequate to meet its financial obligations.

Management Discussion and Analysis

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

RISK MANAGEMENT *(Continued)*

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 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 holding an intangible assets held for sale 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.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2014

	Notes	Six months ended	
		2014 (unaudited) HK\$'000	2013 (unaudited) (restated) HK\$'000
Revenue	3	1,169,021	830,443
Other income		11,461	22,780
		1,180,482	853,223
Inventory consumed	4	(11,832)	(10,662)
Staff costs		(111,350)	(104,028)
Gaming commission		(87,383)	(79,793)
Broker commission		(21,892)	(14,309)
Interest expenses for securities brokerage and margin financing operations		(49,008)	(31,216)
Depreciation		(67,329)	(60,823)
Administrative expenses		(56,398)	(53,162)
Other operating expenses		(89,175)	(68,499)
		(494,367)	(422,492)
Finance income	5	3,463	1,944
Finance cost		(17,400)	(29,191)
Loss from sales of trading securities		–	(675)
Fair value loss on trading securities		(1,862)	(187)
Exchange gain/(loss)		1,753	(6,103)
Share of results of joint ventures		–	(135)
	(14,046)	(34,347)	
Profit before taxation	6	672,069	396,384
Taxation	7	(88,289)	(53,758)
Profit for the period		583,780	342,626

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2014

	Notes	Six months ended	
		30 September 2014 (unaudited) HK\$'000	2013 (unaudited) (restated) HK\$'000
Profit for the period		583,780	342,626
Other comprehensive income			
Item that will not be reclassified to profit or loss:			
Unrealised loss arising from change in fair value of available-for-sale investments		(116)	(602)
Exchange differences arising on translation of foreign operations		(2,513)	266
Other comprehensive loss for the period, net of tax		(2,629)	(336)
Total comprehensive income for the period		581,151	342,290
Profit for the period attributable to:			
Owners of the Company		579,018	341,099
Non-controlling interests		4,762	1,527
		583,780	342,626
Total comprehensive income attributable to:			
Owners of the Company		576,389	340,763
Non-controlling interests		4,762	1,527
		581,151	342,290
Earnings per share (cents per share)	9		
— Basic		3.33	1.96
— Diluted		3.33	1.96

Condensed Consolidated Statement of Financial Position

As at 30 September 2014

		30 September 2014 (unaudited) HK\$'000	31 March 2014 (audited) HK\$'000
	Notes		
Non-current assets			
Property, plant and equipment	10	3,238,798	3,303,334
Deferred tax assets		6,107	6,107
Deposit for hotel renovation		1,647	–
Statutory deposit for financial services business		6,460	7,484
Goodwill	11	10,996,683	10,996,683
Interests in joint ventures		24	24
		14,249,719	14,313,632
Current assets			
Inventories	12	3,562	2,996
Available-for-sale investments	13	1,044	1,387
Trading securities		44,113	48,692
Advances to customers in margin financing	14	11,199,237	9,133,772
Trade and other receivables	15	303,250	188,513
Cash and bank balances — held on behalf of customers	16	1,565,424	1,651,393
Cash and bank balances — general accounts		228,410	210,861
		13,345,040	11,237,614
Intangible assets held for sale	17	320,114	322,685
		13,665,154	11,560,299
Current liabilities			
Trade and other payables	18	1,908,775	1,863,074
Amounts due to shareholders	19	2,618,111	2,847,111
Loan from a related company	20	4,275,810	2,952,639
Subordinated loans	21	700,000	700,000
Bank loans	23	1,835,000	1,324,000
Tax payable		149,146	76,712
		11,486,842	9,763,536

Condensed Consolidated Statement of Financial Position

As at 30 September 2014

		30 September 2014 (unaudited) HK\$'000	31 March 2014 (audited) HK\$'000
	Notes		
Net current assets		2,178,312	1,796,763
Total assets less current liabilities		16,428,031	16,110,395
Non-current liabilities			
Deferred tax liabilities		217,458	220,506
Total liabilities		11,704,300	9,984,042
Net assets		16,210,573	15,889,889
Capital and reserves			
Share capital — ordinary shares	24	242,290	242,290
Share capital — non-redeemable convertible preference shares	24	105,000	105,000
Reserves		15,850,423	15,534,501
Total equity attributable to owners of the Company		16,197,713	15,881,791
Non-controlling interests		12,860	8,098
Total equity		16,210,573	15,889,889

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2014

	Attributable to owners of the Company											
	Share capital — non-redeemable	Share 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
	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
At 1 April 2013 (audited)	242,290	105,000	11,739,980	466	814	1,163,582	2,588	235	1,558,622	14,813,577	13,438	14,827,015
Profit for the period	-	-	-	-	-	-	-	-	341,099	341,099	1,527	342,626
Other comprehensive loss for the period	-	-	-	-	-	-	(602)	266	-	(336)	-	(336)
Total comprehensive income for the period	-	-	-	-	-	-	(602)	266	341,099	340,763	1,527	342,290
Realised upon depreciation based on revalued amount of land and building	-	-	-	-	-	(15,660)	-	-	17,795	2,135	-	2,135
Payment of dividend	-	-	-	-	-	-	-	-	(173,645)	(173,645)	-	(173,645)
At 30 September 2013 (unaudited)	242,290	105,000	11,739,980	466	814	1,147,922	1,986	501	1,743,871	14,982,830	14,965	14,997,795
At 1 April 2014 (audited)	242,290	105,000	11,739,980	466	814	1,617,046	2,071	(23,169)	2,197,293	15,881,791	8,098	15,889,889
Profit for the period	-	-	-	-	-	-	-	-	579,018	579,018	4,762	583,780
Other comprehensive loss for the period	-	-	-	-	-	-	(116)	(2,513)	-	(2,629)	-	(2,629)
Total comprehensive income for the period	-	-	-	-	-	-	(116)	(2,513)	579,018	576,389	4,762	581,151
Realised upon depreciation based on revalued amount of land and building	-	-	-	-	-	(22,354)	-	-	22,354	-	-	-
Payment of dividend	-	-	-	-	-	-	-	-	(260,467)	(260,467)	-	(260,467)
At 30 September 2014 (unaudited)	242,290	105,000	11,739,980	466	814	1,594,692	1,955	(25,682)	2,538,198	16,197,713	12,860	16,210,573

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2014

	Six months ended 30 September 2014 (unaudited) HK\$'000	2013 (unaudited) HK\$'000
Net cash used in operating activities	(1,323,598)	(519,380)
Net cash used in investing activities	(3,557)	(8,807)
Net cash from financing activities	1,344,704	544,385
Net increase in cash and cash equivalents	17,549	16,198
Cash and cash equivalents at beginning of period	210,861	188,102
Cash and cash equivalents at end of period	228,410	204,300
Analysis of balances of cash and cash equivalents		
Time deposits	63,055	34,820
Cash at bank and in hand	165,355	169,480
Cash and bank balances	228,410	204,300

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 26 November 2014.

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 interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2014. 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 2014, 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 2014, noted below:

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-financial Assets
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK (IFRIC) 21	Levies

Amendments to HKAS 32 — Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting requirements by adding appliance guidance to HKAS 32 which clarifies when an entity "currently has a legally enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement.

Amendments to HKAS 36 — Recoverable Amount Disclosures for Non-financial Assets

The amendments to HKAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, the amendments expand the disclosures required for an impaired asset or CGU whose recoverable amount is based on fair value less costs of disposal.

Notes to the Interim Condensed Consolidated Financial Statements

2 BASIS OF PRESENTATION AND ACCOUNTING POLICIES

(Continued)

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) — Investment Entities

The amendments apply to a particular class of businesses that qualify as investment entities. An investment entity's business purpose is to invest funds solely for returns from capital appreciation, investment income or both. It evaluates the performance of its investments on a fair value basis. Investment entities could include private equity organisations, venture capital organisations, pension funds and investment funds.

The amendments provide an exception to the consolidation requirements in HKFRS 10 Consolidated Financial Statements and require investment entities to measure particular subsidiaries at fair value through profit or loss rather than to consolidate them. The amendments also set out the disclosure requirements for investment entities. The amendments are applied retrospectively subject to certain transitional provisions.

Amendments to HKAS 39 — Novation of Derivatives and Continuation of Hedge Accounting

The amendments provide relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparty meets specified criteria.

HK (IFRIC) 21 — Levies

HK (IFRIC) 21 clarifies that an entity recognises a liability to pay a levy imposed by government when the activity that triggers payment, as identified by the relevant legislation, occurs.

Except as described above, the application of the other new or revised HKFRSs in the current interim period has had no material effect on the amounts reported in these unaudited interim condensed consolidated financial statements and/or disclosures 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.

Notes to the Interim Condensed Consolidated Financial Statements

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 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 offers ("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.
- Gaming 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 amortization (adjusted EBITDA). Interest income and expenditure and certain income and expenses (including depreciation, taxation, impairment losses, write-off of property, plant and equipment and revaluation of property, plant and equipment) 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.

Notes to the Interim Condensed Consolidated Financial Statements

3 SEGMENTAL INFORMATION (Continued)

Revenue between segments are carried out on terms equivalent to those that prevail in arm's length transactions. The revenue from external customers reported to the management is measured in a manner consistent with that in the consolidated statement of profit or loss and other comprehensive income.

Operating segments

The following tables present segment information of the Group provided to the Group's management for the six months ended 30 September 2014 and 2013.

For the six months ended 30 September 2014 (unaudited)

	Securities brokerage, underwriting and placements	Margin and IPO financing	Other financial services	Financial service business	Hotel ownership and management	Food and beverage	Gaming	Securities investment	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue									
External customers	148,201	492,812	15,078	656,091	113,944	19,604	379,382	-	1,169,021
Inter-segment	16	-	480	496	18,751	-	-	-	19,247
	148,217	492,812	15,558	656,587	132,695	19,604	379,382	-	1,188,268
Adjusted EBITDA	131,797	402,047	8,051	541,895	92,843	(1,971)	161,036	(2,330)	791,473
Segment Assets				24,008,926	2,577,817	425,350	472,487	44,113	27,528,693
Capital Expenditure				781	919	157	1,589	-	3,446
Segment Liabilities				9,090,737	236,206	10,549	31,987	-	9,369,479

Notes to the Interim Condensed Consolidated Financial Statements

3 SEGMENTAL INFORMATION (Continued)

Operating segments (Continued)

For the six months ended 30 September 2013 (unaudited)

	Securities brokerage, underwriting and placements HK\$'000	Margin and IPO financing HK\$'000	Other financial services HK\$'000	Financial service business HK\$'000	Hotel ownership and management HK\$'000	Food and beverage HK\$'000	Gaming HK\$'000	Securities investment HK\$'000	Total HK\$'000
Segment revenue									
External customers	73,060	305,146	15,332	393,538	89,550	17,779	329,576	-	830,443
Inter-segment	19	-	480	499	14,400	-	-	-	14,899
	73,079	305,146	15,812	394,037	103,950	17,779	329,576	-	845,342
Adjusted EBITDA	80,580	274,217	15,331	370,128	64,278	(4,564)	147,762	679	578,283
Segment Assets				19,883,524	2,072,226	375,433	554,878	48,271	22,934,332
Capital Expenditure				-	11,490	2,552	2,495	-	16,537
Segment Liabilities				6,307,626	175,765	10,455	19,038	-	6,512,884

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.

Notes to the Interim Condensed Consolidated Financial Statements

4 STAFF COSTS

	Six months ended 30 September	
	2014 (unaudited) HK\$'000	2013 (unaudited) HK\$'000
Staff costs (including directors' remuneration)		
— salaries, wages and other benefits	110,744	103,473
— contributions to defined contribution retirement plan	606	555
	111,350	104,028

5 FINANCE COST

	Six months ended 30 September	
	2014 (unaudited) HK\$'000	2013 (unaudited) HK\$'000
Interest on promissory notes	–	29,191
Interest on amount due to a shareholder	17,400	–
	17,400	29,191

6 PROFIT BEFORE TAXATION

The profit before taxation has been arrived at after charging the following:

	Six months ended 30 September	
	2014 (unaudited) HK\$'000	2013 (unaudited) HK\$'000
Operating lease charges	16,042	16,058

Notes to the Interim Condensed Consolidated Financial Statements

7 TAXATION

	Six months ended	
	30 September	
	2014	2013
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Current tax:		
Hong Kong profits tax	87,224	53,758
Macau Complementary Tax	4,113	–
Deferred tax	(3,048)	–
	88,289	53,758

Hong Kong profits tax has been provided for six months ended 30 September 2014 and 2013 at a rate of 16.5%.

Macau Complementary Tax has been provided for the six months ended 30 September 2014 at rate of 12% (six months ended 30 September 2013: Nil). Details of contingent liabilities for Macau Complementary Tax are disclosed in note 26.

8 DIVIDENDS

Final dividend of HK1.5 cents per share was declared for the year ended 31 March 2014 (year ended 31 March 2013: HK1.0 cent per share) and was paid on 5 September 2014.

The board has resolved not to declare any interim dividend for the six months ended 30 September 2014 (six months ended 30 September 2013: Nil).

Notes to the Interim Condensed Consolidated Financial Statements

9 EARNINGS PER SHARE

	Six months ended 30 September	
	2014 (unaudited) HK cent	2013 (unaudited) HK cent
Basic earnings per share	3.33	1.96
Diluted earnings per share	3.33	1.96

(a) Basic earnings per share

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

	Six months ended 30 September	
	2014 (unaudited) HK\$'000	2013 (unaudited) HK\$'000
Profit for the purpose of basic earnings per share	579,018	341,099

	Six months ended 30 September	
	2014 (unaudited)	2013 (unaudited)
Weighted average number of ordinary shares	12,114,480,666	12,114,480,666
Weighted average number of non-redeemable convertible preference shares	5,250,000,000	5,250,000,000
Weighted average number of shares for the purpose of basic earnings per share	17,364,480,666	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 the same as basic earnings per share as there were no dilutive potential ordinary shares in issue during the periods ended 30 September 2014 and 2013.

10 PROPERTY, PLANT AND EQUIPMENT

During the period, the Group's acquisition of property, plant and equipment amounted to HK\$3,452,000 (six months ended 30 September 2013: HK\$17,407,000).

11 GOODWILL

	30 September 2014 (unaudited) HK\$'000	31 March 2014 (audited) HK\$'000
Carrying amount of goodwill	10,996,683	10,996,683

The carrying amount of goodwill relates 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 9.66%.

As at 31 March 2014, 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\$4,099,000,000, HK\$10,494,000,000 and HK\$403,000,000 respectively.

Notes to the Interim Condensed Consolidated Financial Statements

11 GOODWILL (Continued)

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 dealings, margin and IPO financing and corporate finance advisory services respectively throughout the 4-year budget plan. Cash flow beyond the 4-year period are extrapolated using an estimated growth rate of 3% (2013: 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 cash-generating units above, the Group's management is not currently aware of any other probable changes that would necessitate changes in its key estimates.

No impairment loss is provided for the six months ended 30 September 2014 (six months ended 30 September 2013: Nil). The Directors performed an impairment test for the goodwill and concluded that the cash-generating units demonstrate sufficient cash flow projections that justify the carrying value of the goodwill. Management did not consider impairment of goodwill necessary.

12 INVENTORIES

	30 September 2014 (unaudited) HK\$'000	31 March 2014 (audited) HK\$'000
Food and beverage and hotel operating supplies	3,562	2,996

Notes to the Interim Condensed Consolidated Financial Statements

13 AVAILABLE-FOR-SALE INVESTMENTS

	30 September 2014 (unaudited) HK\$'000	31 March 2014 (audited) HK\$'000
Investment funds, at fair value	1,044	1,387

The available-for-sale investments are denominated in United States dollars and there is no public market for the investments. Changes in fair value of available-for-sale investments are recognised in the investment revaluation reserve.

14 ADVANCES TO CUSTOMERS IN MARGIN FINANCING

	30 September 2014 (unaudited) HK\$'000	31 March 2014 (audited) HK\$'000
Directors of subsidiaries and their associates	31,688	119,719
Other margin clients	11,180,196	9,026,700
Less: Allowance for doubtful debt	(12,647)	(12,647)
	11,199,237	9,133,772

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

	30 September 2014 (unaudited) HK\$'000	31 March 2014 (audited) HK\$'000
At the beginning of the period/year	12,647	23,430
Impairment loss recognised	–	5,302
Impairment loss reversed	–	(16,085)
At the end of the period/year	12,647	12,647

Notes to the Interim Condensed Consolidated Financial Statements

14 ADVANCES TO CUSTOMERS IN MARGIN FINANCING (Continued)

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 2014, total market value of securities pledged as collateral in respect of the loan to margin clients was approximately HK\$64,105,763,000 (31 March 2014: HK\$46,030,036,000).

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.

15 TRADE AND OTHER RECEIVABLES

	30 September 2014 (unaudited) HK\$'000	31 March 2014 (audited) HK\$'000
Trade receivables from financial services segments	150,783	29,706
Trade receivables from hotel and gaming segments	113,162	125,555
Other receivables, deposits and prepayments	39,305	33,252
	303,250	188,513

Notes to the Interim Condensed Consolidated Financial Statements

15 TRADE AND OTHER RECEIVABLES *(Continued)*

Trade receivables from financial services segments

	30 September 2014 (unaudited) HK\$'000	31 March 2014 (audited) HK\$'000
Accounts receivable arising from the ordinary course of business of dealing in securities:		
Cash clients	137,940	10,964
Clearing House	–	6,803
Brokers and dealers	29	29
Accounts receivable arising from the ordinary course of business of dealing in futures contracts:		
Clearing house	10,307	10,184
Accounts receivable arising from the ordinary course of business of provision of:		
Corporate finance advisory services	2,507	1,726
	150,783	29,706

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

Trading limits are set for customers. The Group seeks to maintain tight control over its outstanding 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:

	30 September 2014 (unaudited) HK\$'000	31 March 2014 (audited) HK\$'000
0–30 days	80,219	95,325
31–60 days	25,442	25,527
61–90 days	1,698	1,519
Over 90 days	29,187	26,568
	136,546	148,939
Allowance for doubtful debt	(23,384)	(23,384)
	113,162	125,555

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 HELD FOR SALE

The intangible assets held for sale represented the costs of the 15 subsurface mineral permits acquired as part of the settlement agreement with the borrower of a loan receivable.

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 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 7 June 2013. The right lapsed on 5 December 2013.

The Group has been actively seeking buyers for the permits since the date of classification at the end of the same reporting period last year. However, during the year ended 31 March 2014, the market conditions of the minerals deteriorated and international prices for potash dropped significantly. In response, the Group recognized an impairment loss of HK\$74,741,000 for the year ended 31 March 2014 and actively marketed the permits at a reduced price. The minerals price for the minerals remained stable during the period under review. As the Group expects to dispose of the permits within one year from the year ended date 31 March 2014 subject to commercial circumstances, the assets continued to be classified as Intangible Assets Held for Sale in current period.

Notes to the Interim Condensed Consolidated Financial Statements

18 TRADE AND OTHER PAYABLES

	30 September 2014 (unaudited) HK\$'000	31 March 2014 (audited) HK\$'000
Trade payables from financial services segments	1,790,790	1,760,004
Trade payables from hotel and gaming segments	26,090	30,053
Other payable and accruals	91,895	73,017
	1,908,775	1,863,074

Trade payables from financial services segments

	30 September 2014 (unaudited) HK\$'000	31 March 2014 (audited) HK\$'000
Accounts payable arising from the ordinary course of business of dealing in securities:		
Cash clients	411,255	232,129
Margin clients	970,345	1,509,127
	1,381,600	1,741,256
Dividend payable to clients	2,340	–
Clearing house	381,814	–
Brokers and dealers	–	–
Accounts payable arising from the ordinary course of business of dealing in futures contracts:		
Clients	22,932	16,763
Accounts payable arising from the ordinary course of business of provision of:		
Corporate finance advisory services	147	46
Asset management services	1,957	1,939
	1,790,790	1,760,004

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 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 payable 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 2014, included in accounts payable was an amount of HK\$1,565,424,000 (31 March 2014: HK\$1,651,393,000) 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:

	30 September 2014 (unaudited) HK\$'000	31 March 2014 (audited) HK\$'000
0–30 days	21,628	14,158
31–60 days	2,368	13,159
61–90 days	389	1,440
Over 90 days	1,705	1,296
	26,090	30,053

Notes to the Interim Condensed Consolidated Financial Statements

19 AMOUNTS DUE TO SHAREHOLDERS

	Note	30 September 2014 (unaudited) HK\$'000	31 March 2014 (audited) HK\$'000
Active Dynamic Limited	(a)	–	147,111
Better Sino Limited	(a)	1,190,000	1,190,000
Mrs. Chu Yuet Wah	(b)	1,428,111	1,510,000
		2,618,111	2,847,111

- (a) The amounts are non-interest bearing, unsecured and repayable on demand.
- (b) On 31 March 2014, Mrs. Chu Yuet Wah and the Group entered into a loan agreement of HK\$1,010,000,000 for settlement of promissory notes as disclosed in note 22. The loan 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 and to the lender's overriding right of withdrawal and immediate repayment on demand. The remaining balance of HK\$418,111,000 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 1.5% per annum and repayable on demand.

21 SUBORDINATED LOANS

	Draw date	Expiry Date	Terms	30 September 2014 (unaudited) HK\$'000	31 March 2014 (audited) HK\$'000
Loan from Mr. Lee Wai Man	30 Jan 2004	N/A	P+1%	250,000	250,000
	20 Feb 2004	N/A	1.5%	150,000	150,000
Revolving loan from Mrs. Chu Yuet Wah	24 May 2010	2 May 2016	1.5%	300,000	300,000
				700,000	700,000

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

Notes to the Interim Condensed Consolidated Financial Statements

22 PROMISSORY NOTES

On 1 April 2011, the Company issued promissory notes with a principal amount of HK\$1,000,000,000 as part of the consideration to acquire the entire issued share capital of Kingston Capital Asia Limited. The promissory notes are unsecured, bear interest of 2% per annum and matured at the third anniversary from the date of issue, being 31 March 2014. On 31 March 2014, Mrs. Chu Yuet Wah and the Group entered into a loan agreement of HK\$1,010,000,000 to finance the settlement of promissory notes as disclosed in note 19.

	30 September 2014 (unaudited) HK\$'000	31 March 2014 (audited) HK\$'000
At initial recognition	–	890,358
Imputed finance cost	–	169,642
Interest paid	–	(50,000)
Repayment	–	(1,010,000)
	–	–

23 BANK LOANS

	30 September 2014 (unaudited) HK\$'000	31 March 2014 (audited) HK\$'000
Bank loans, secured and repayable within one year	1,835,000	1,324,000

The bank loans of the Group were secured by marketable securities of HK\$9,717,830,000 (31 March 2014: HK\$7,465,202,000) pledged to the Group by margin clients. The bank loans of the Group bear floating interest rates ranging from 0.87% to 1.02% per annum (31 March 2014: 0.8% to 1.09%).

Notes to the Interim Condensed Consolidated Financial Statements

24 SHARE CAPITAL

	Six months ended 30 September			
	2014		2013	
	Number of shares	Amount HK\$'000	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.02 each				
Authorised:				
At 1 April 2014/2013 and 30 September 2014/2013	24,750,000,000	495,000	24,750,000,000	495,000
Issued and fully paid:				
At 1 April 2014/2013	12,114,480,666	242,290	12,114,480,666	242,290
At 30 September 2014/2013	12,114,480,666	242,290	12,114,480,666	242,290
Non-redeemable convertible preference shares Shares of HK\$0.02 each				
Authorised, issued and fully paid:				
At 1 April 2014/2013 and 30 September 2014/2013	5,250,000,000	105,000	5,250,000,000	105,000

Notes to the Interim Condensed Consolidated Financial Statements

25 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, promissory notes and equity attributable to equity holders of the Company, comprising paid up capital/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 recommendations of the director, 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.

26 COMMITMENTS AND CONTINGENT LIABILITIES

	30 September 2014 (unaudited) HK\$'000	31 March 2014 (audited) HK\$'000
Capital commitments in respect of the acquisition of property, plant and equipment:		
— contracted but not provided for in the financial statements	604	—
— authorised but not contracted for	189	—
	793	—

Notes to the Interim Condensed Consolidated Financial Statements

26 COMMITMENTS AND CONTINGENT LIABILITIES *(Continued)*

On 3 May 2014, the Group's wholly owned subsidiary Good Start Group Limited ("Good Start") 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 lodged an objection letter on 22 May 2014 to appeal against the notice according to stipulated appeal procedures. In October 2014, Macau Financial Services Bureau rejected Good Start's appeal and demanded settlement of the approximately HK\$15,000,000 and HK\$20,000,000 Macau Complementary Tax. On 29 October 2014, Good Start filed a second appeal against the notices and demand notes according to stipulated appeal procedures again. In the opinion of directors, the Group has valid grounds for the appeal and they believed that the gaming revenue generated through Good Start's Service Agreement with Sociedade de Jogos de Macau, S.A. ("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 2014, the Group will have to pay approximately HK\$137,000,000 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 before 2009.

Notes to the Interim Condensed Consolidated Financial Statements

27 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 nine 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 2014, the Group had total future minimum lease receivable under non-cancellable operating leases which fall due as follows:

	30 September 2014 (unaudited) HK\$'000	31 March 2014 (audited) HK\$'000
Within one year	10,604	10,198
After one year but within five years	35,210	36,441
Over five years	45,848	41,313
	91,662	87,952

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

At 30 September 2014, the Group had total future minimum lease rent payments under non-cancellable operating leases falling due as follows:

	30 September 2014 (unaudited) HK\$'000	31 March 2014 (audited) HK\$'000
Within one year	14,087	30,013
After one year but within five years	108	438
	14,195	30,451

Notes to the Interim Condensed Consolidated Financial Statements

28 SHARE-BASED PAYMENT TRANSACTIONS

The Company has a share option scheme which was adopted on 7 June 2004 (the “2004 Scheme”) and had a term of 10 years. At the annual general meeting of the Company held on 20 August 2013, shareholders of the Company have approved the termination of the 2004 Scheme and adopted a new share option scheme (the “New Share Option Scheme”).

Pursuant to the New Share Option Scheme, the total numbers of shares which may be issued upon exercise of all options to be granted under the New 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 New 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 New 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.

Notes to the Interim Condensed Consolidated Financial Statements

28 SHARE-BASED PAYMENT TRANSACTIONS (Continued)

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.

No share option under the 2004 Scheme was outstanding as at 1 April 2013 and 20 August 2013, and no share option under the 2004 Scheme was granted, exercised, cancelled or lapsed for the period from 1 April 2013 to 20 August 2013.

No share option under the New Share Option Scheme was granted, exercised, cancelled or lapsed for the period from 20 August 2013 to 30 September 2013, and no share option under the New Share Option Scheme was outstanding as at 30 September 2013.

For the period ended 30 September 2014, the Company had no share option being granted, outstanding, lapsed or cancelled pursuant to the New Share Option Scheme.

29 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	
	2014 (unaudited) HK\$'000	2013 (unaudited) HK\$'000
Short-term employee benefits	39,353	32,304
Post-employment benefits	25	15
	39,378	32,319

Notes to the Interim Condensed Consolidated Financial Statements

29 MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(b) 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	
		2014 (unaudited) HK\$'000	2013 (unaudited) (restated) HK\$'000
Chu & Li's Family	Brokerage income	1,354	1,129
	Maximum amount of IPO financing	–	–
	Maximum amount of margin financing	181,088	124,103
	Interest income	1,513	1,676
Directors of subsidiaries & associates	Brokerage income	59	134
	Maximum amount of IPO financing	–	–
	Maximum amount of margin financing	945	1,167
	Interest income	20	12
Kingston Finance Limited (Note)	Interest expense	31,540	19,127
	Management fee income	300	300
Sincere Watch (Hong Kong) Limited (Note)	Management fee income	250	300
	Placing commission	2,144	–
Mrs. Chu Yuet Wah	Staff quarter rental expenses	447	447

Note: Mrs. Chu Yuet Wah has controlling interest in this company.

30 COMPARATIVE FIGURES

The maximum amount of margin financing to Chu & Li's Family for the six months ended 30 September 2013 has been restated from HK\$465,668,000 to HK\$124,103,000. Details are set out in the Company's announcement dated 3 January 2014.

For a better presentation, promotion expenses incurred in respect of VIP gaming halls in the same period last year was reclassified from Administrative Expenses to Other Operating Expenses in current period. This reclassification has no effect on the results and the financial position of the Group for both current and prior periods.

Other Information

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 September 2014 (six months ended 30 September 2013: Nil).

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

At 30 September 2014 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	–	7,107,603,895 (Note 1)	5,250,000,000 (Note 2)	12,357,603,895	102.01%
Mr. Chu, Nicholas Yuk-yui	–	7,107,603,895 (Note 1)	5,250,000,000 (Note 2)	12,357,603,895	102.01%

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 2014, of the 7,107,603,895 shares, 5,196,964,000 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 7,107,603,895 shares.
- (2) As at 30 September 2014, Mrs. Chu, through Active Dynamic Limited held 5,250,000,000 convertible preference shares conferring rights to subscribe for 5,250,000,000 shares. Mr. Chu is deemed to be interested in these 5,250,000,000 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 2014, 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	15.64%
Active Dynamic Limited (Note 2)	-	5,196,964,000	5,250,000,000	10,446,964,000	86.24%
Better Sino Limited (Note 3)	-	1,125,000,000	-	1,125,000,000	9.29%
Mr. Lee Wai Man (Note 3)	18,852,000	1,530,750,000 (Note 4)	-	1,549,602,000	12.79%

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 2014, 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 2014.

Other Information

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

During the six months ended 30 September 2014, 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 2014, the Company has complied with all code provisions in the Corporate Governance Code contained 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 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 six months ended 30 September 2014.

AUDIT COMMITTEE

These interim condensed consolidated financial statements are unaudited but have been reviewed by the Company's audit committee.

CHANGE IN INFORMATION OF DIRECTOR

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

Name of Director	Details of change
Mrs. Chu Yuet Wah	<p>Re-designated from Vice Chairman to Honorary Chairman of The Chamber of Hong Kong Listed Companies on 30 June 2014 and re-designated from Chairman to Standing Chairman of Federation of Hong Kong Guangdong Community Organisations since July 2014</p> <p>With effect from 1 April 2014, monthly remuneration has been increased from approximately HK\$1,460,000 to approximately HK\$1,560,000</p>
Mr. Chu Nicholas Yuk-yui	<p>With effect from 1 April 2014, monthly remuneration has been increased from approximately HK\$525,000 to approximately HK\$560,000</p>

Other Information

CHANGE IN INFORMATION OF DIRECTOR *(Continued)*

Name of Director	Details of change
Mr. Yu Peter Pak Yan	<p>Resignation as chairman, executive director and authorised representative of Kong Sun Holdings Limited on 1 September 2014</p> <p>Appointment as executive director and chairman of the Investment Committee of Far East Holdings International Limited on 12 November 2014</p>
Mr. Lau Man Tak	<p>Resignation as independent non-executive director, the chairman of the audit committee and member of each of the nomination committee and the remuneration committee of the Board of Kong Sun Holdings Limited on 30 April 2014</p> <p>Resignation as executive director, chairman, authorised representative and compliance officer of Aurum Pacific (China) Group Limited on 10 September 2014</p>
Dr. Wong Yun Kuen	<p>Resignation as independent non-executive director of KuangChi Science Limited (formerly known as Climax International Company Limited) on 23 August 2014</p> <p>Resignation as independent non-executive director of New Island Development Holdings Limited on 25 September 2014</p> <p>Resignation as independent non-executive director of Kong Sun Holdings Limited on 7 November 2014</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, 26 November 2014