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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)

DISCLOSEABLE TRANSACTION

**SETTLEMENT AGREEMENT IN RELATION TO THE LITIGATION
AGAINST THIRD PARTIES INVOLVING
(I) THE SUBCO SHARES TRANSFER,
(II) CANCELLATION OF THE LOAN AND
(III) THE GRANT OF CPC SASK OPTION**

SETTLEMENT AGREEMENT

The Board hereby announces that on 1 June 2013, the Company, the Lender, which is a wholly-owned subsidiary of the Company, the SubCo and the Defendant Group entered into the Settlement Agreement.

Transfer of Permits to SubCo, SubCo Shares Transfer and cancellation of the Loan

Pursuant to the Settlement Agreement, CPC Sask, one of the Defendants, shall transfer the Permits to the SubCo and transfer the SubCo Shares to the Lender or its designated party. The Plaintiffs agree to the Defendants to file the Consent Dismissal Order and other documents with the Court subject to the Release Conditions. As a result, the Loan shall be cancelled.

CPC Sask Option

The Plaintiffs shall grant the right to CPC Sask to purchase all the SubCo Shares or all the shares of the Lender (as determined by CPC Sask) at an exercise price of CAD82 million (equivalent to approximately HK\$626.07 million) net of any Liability during a period which shall commence immediately after the SubCo Shares Transfer and expire 180 days from the Closing Date.

GENERAL

As the respective highest applicable percentage ratios in respect of the SubCo Shares Transfer and the CPC Sask Option exceed 5% but are less than 25% under Chapter 14 of the Listing Rules, the entering into the Settlement Agreement and transactions contemplated thereunder constitute a discloseable transaction for the Company and accordingly, is subject to the reporting and announcement requirements.

As completions of the transactions contemplated under the Settlement Agreement are subject to fulfilment of certain conditions and may or may not proceed, the Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

Reference is made to (i) the announcements of the Company dated 20 September 2010, 10 December 2010 and 13 December 2010, (ii) interim reports of the Company for the six months ended 30 June 2011 and for the six months ended 30 September 2012, (iii) the second interim report of the Company for the twelve months ended 31 December 2011 and (iv) the annual reports of the Company for the year ended 31 December 2010 and for fifteen months ended 31 March 2012 in relation the Loan and the Option.

SETTLEMENT AGREEMENT

Date

1 June 2013

Parties

- (1) The Company, one of the Plaintiffs;
- (2) The Lender, a direct wholly-owned subsidiary of the Company and one of the Plaintiffs;
- (3) The Defendant Group; and
- (4) The SubCo, a wholly-owned subsidiary of CPC Sask.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, the Defendant Group, the SubCo and their respective ultimate beneficial owners are Independent Third Parties.

Principal Terms

Transfer of Permits to SubCo, SubCo Shares Transfer and cancellation of the Loan

Before or at the time of signing the Settlement Agreement, CPC Sask, one of the Defendants, agrees to transfer the Permits at the Defendants' costs and expenses to the SubCo in return for the SubCo Shares.

Immediately following the Transfer of Permits to SubCo and the SubCo Registration, the SubCo Shares will be transferred to the Lender or its designated party.

The Plaintiffs agree to the Defendants to file the Consent Dismissal Order and other documents with the Court subject to the Release Conditions. As a result, the Loan shall be cancelled.

CPC Sask Option

The Plaintiffs agree that CPC Sask shall have the right to purchase all the SubCo Shares or all the shares of the Lender (as determined by CPC Sask) by unilateral written notice to the Lender or its designated party at an exercise price of CAD82 million (equivalent to approximately HK\$626.07 million) net of any Liability during the period commencing immediately after the SubCo Shares Transfer and expire 180 days from the Closing Date, and the Lender or its designated party shall be obliged to sell the SubCo Shares or the shares of the Lender to CPC Sask upon receiving the cash consideration. Within the exercise period and before the exercise of the CPC Sask Option, both the Plaintiffs and CPC Sask shall observe certain restrictive covenants contained in the Settlement Agreement. There is no premium paid by CPC Sask to the Plaintiffs in relation to the CPC Sask Option. The Company will comply with all the relevant requirements under the Listing Rules in the event of the exercise, transfer, termination and non-exercise of the CPC Sask Option.

Settlement of the Action

Immediately after signing of the Settlement Agreement, the Plaintiffs shall give irrevocable instructions to their legal representatives (the “**Plaintiffs’ Legal Advisers**”) to sign the Consent Dismissal Order and documents necessary to discharge the Notice of Interest and to deliver the same to the legal representatives of the Defendants (the “**Defendants’ Legal Advisers**”) upon their irrevocable undertaking to hold it on order of the Plaintiffs’ Legal Advisers not to file the same in Court until and when the following have taken place (collectively the “**Release Conditions**”):

- (1) the Transfer of Permits to SubCo and SubCo Registration are fully completed and the Permits have been registered in the name of the SubCo in the register of the E & R Ministry free and clear of all encumbrances and tax liabilities of whatsoever nature;
- (2) the due completion of the transfer of the SubCo Shares to the Lender as intended transferee free and clear of all encumbrances and tax liabilities of whatsoever nature have taken place; and
- (3) the Lender shall have become the legal and equitable owner of the Permits through its exclusive shareholding in the SubCo free from all encumbrances and tax liabilities of whatsoever nature.

If for any reason whatsoever the Release Conditions are not fulfilled and satisfied by 31 July 2013, the Defendants’ Legal Advisers shall return unconditionally the signed Consent Dismissal Order to the Plaintiffs’ Legal Advisers without any recourse whatsoever available to the Defendants.

INFORMATION ABOUT THE GROUP, THE LENDER, THE DEFENDANTS AND THE SUBCO

The Group

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 offers financing, securities brokerage, corporate finance advisory services, futures brokerage and asset management services. The Group also provides entertainment and hospitality services in Macau.

The Lender

The Lender, which is a company incorporated in the BVI with limited liability, is a direct wholly-owned subsidiary of the Company and principally engaged in investment holding.

The Defendants

The Defendants and their respective ultimate beneficial owners are the Independent Third Parties.

The SubCo

The SubCo, a company incorporated under the laws of the Province of Saskatchewan with limited liability, is a wholly-owned subsidiary of CPC Sask and an Independent Third Party. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the SubCo has not commenced its operation and is principally engaged in investment holding.

INFORMATION ABOUT THE PERMITS

The Permits are currently held by CPC Sask and are granted by the E & R Ministry in 2008 to prospect for subsurface minerals in Elk Point, Saskatchewan, Canada with area of approximately 3,989.95 square kilometer. The preliminary estimation on the value of the Permits as at 30 April 2013 ranges from CAD53 million (equivalent to approximately HK\$404.66 million) to CAD85 million (equivalent to approximately HK\$648.98 million) as advised by an independent valuer appointed by the Group.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SETTLEMENT AGREEMENT

Since December 2010, the Plaintiffs have initiated the Action against the Defendants. According to the unaudited management accounts of the Group as at 31 March 2013, there is a loan receivable from the Borrower in the amount of approximately CAD53.28 million (equivalent to approximately HK\$406.79 million), representing a principal amount of the Loan of CAD50 million (equivalent to approximately HK\$381.75 million) and accrued interests of approximately CAD3.28 million (equivalent to approximately HK\$25.04 million).

Prior to reaching the Settlement Agreement, the Group and the Defendants were actively negotiating the settlement terms for the Action. Finally, the Group successfully entered into the Settlement Agreement with the Defendant Group, pursuant to which the Group (i) will become the owners of the Permits, which are preliminarily valued between CAD53 million (equivalent to approximately HK\$404.66 million) and CAD85 million (equivalent to approximately HK\$648.98 million), through its shareholding interest in the SubCo upon completion of the SubCo Shares Transfer and (ii) will receive cash consideration in the amount of CAD82 million (equivalent to approximately HK\$626.07 million) net of any Liability if the CPC Sask Option so exercised by CPC Sask.

If the Defendants do not exercise the CPC Sask Option, the Group may consider disposing of the SubCo Shares to other parties. Further announcement(s) will be made by the Company as and when appropriate in accordance with Listing Rules.

In view of the above, the Directors (including the independent non-executive Directors) consider that the entering into and the terms of the Settlement Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

As the respective highest applicable percentage ratios in respect of the SubCo Shares Transfer and the CPC Sask Option exceed 5% but are less than 25% under Chapter 14 of the Listing Rules, the entering into the Settlement Agreement and transactions contemplated thereunder constitute a discloseable transaction for the Company and accordingly, is subject to the reporting and announcement requirements.

As completions of the transactions contemplated under the Settlement Agreement are subject to fulfilment of certain conditions and may or may not proceed, the Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

The following terms are used in this announcement with the meanings set out below unless context requires otherwise.

“Action”	an action commenced in the Court under Vancouver Registry Action No. S-108075
“Board”	the board of Directors
“Borrower”	Affluent Public Limited, a company incorporated in the BVI with limited liability, the borrower of the Loan and one of the Defendants
“BVI”	the British Virgin Islands
“Closing Date”	the day on which the Lender becomes the sole shareholder of the SubCo

“Company”	Kingston Financial Group Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange
“Company A”	a company incorporated under the laws of the Province of British Columbia, Canada
“connected person(s)”	has the same meaning ascribed thereto in the Listing Rules
“Consent Dismissal Order”	the order dismissing completely the Action against all Defendants, in this case with the additional effect of releasing all monies now under restraint pursuant to the Order of the Court dated 15 December 2010 to the party subject to such order and releasing the Plaintiffs’ claims against the titles to the property in Canada
“Court”	the Supreme Court of British Columbia, Canada
“CPC Sask”	Canada Potash Corp. (Saskatchewan Inc. No. 101127093), one of the Defendants and the existing owner of the Permits
“CPC Sask Option”	the right granted by the Plaintiffs to CPC Sask to purchase all the SubCo Shares or all the shares of the Lender (as determined by CPC Sask) at an exercise price of CAD82 million (equivalent to approximately HK\$626.07 million) net of any Liability pursuant to the terms of the Settlement Agreement
“Defendants”	the Borrower, CPC Sask and all other defendants. To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, each of the Defendants and their respective ultimate beneficial owners are Independent Third Parties
“Defendant Group”	the Borrower, CPC Sask and all other defendants, except two individuals, under the Action
“Director(s)”	director(s) of the Company
“E & R Ministry”	Saskatchewan Ministry of Energy and Resources, currently known as the Ministry of the Economy of Saskatchewan
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) who are third party(ies) independent of the Company and its connected persons

“Lender”	Right Business Limited, a direct wholly-owned subsidiary of the Company
“Liability”	any tax or liability of the transferor of the SubCo Shares or the shares of the Lender, as the case may be
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the principal facility in the amount of CAD50 million (equivalent to approximately HK\$381.75 million) advanced by the Lender to the Borrower pursuant to a loan agreement dated 20 September 2010 entered between the Lender and the Borrower
“Macau”	the Macau Special Administrative Region of the People’s Republic of China
“Notice of Interest”	the Notice of Interest filed in early 2013 by the Plaintiffs
“Option”	an option granted by the Borrower to the Lender to purchase (i) the shares in the Borrower representing 25% of the total issued share capital of the Borrower (on a fully diluted basis) or (ii) the shares of Company A representing 18.89% of the total issued share capital of Company A (on a fully diluted basis) at the time of such purchase, as the case may be at CAD80 million (equivalent to approximately HK\$610.80 million, which was expired on 20 March 2011
“Permits”	15 permits, namely KP439B, KP446A, KP449A, KP450A, KP456A, KP458A, KP469Y, KP470B, KP471A, KP475A, KP476A, KP477, KP479A, KP485 and KP486, to prospect for subsurface minerals issued by the E & R Ministry covering an area of 3,989.95 square kilometer and currently are held by CPS Sask
“Plaintiffs”	the Lender and the Company
“Settlement”	the settlement of the Action pursuant to the terms of the Settlement Agreement
“Settlement Agreement”	the agreement entered into between the Lender, the Company, the SubCo and the Defendants on 1 June 2013
“Share(s)”	ordinary share(s) of HK\$0.02 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“SubCo”	Canada United Potash Ltd., a company incorporated under the laws of the Province of Saskatchewan and a wholly-owned subsidiary of CPC Sask
“SubCo Registration”	submission of the application for the Transfer of Permits to SubCo and other application materials required for the Transfer of Permits to SubCo to E & R Ministry for approval and registration
“SubCo Shares”	50,000,100 Class A common shares, representing 100% of the issued share capital in SubCo, held by CPC Sask
“SubCo Shares Transfer”	the transfer the SubCo Shares to the Lender or its designated party pursuant to the terms of the Settlement Agreement
“Transfer of Permits to SubCo”	the transfer of the Permits to the SubCo by CPC Sask pursuant to the terms of the Settlement Agreement
“CAD”	Canadian dollars, the lawful currency of Canada
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

For the purpose of this announcement, conversion of CAD into HK\$ is based on the exchange rate of CAD1 to HK\$7.635. The exchange rate has been used, where applicable, for the purposes of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

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

Hong Kong, 2 June 2013

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