CL GROUP (HOLDINGS) LIMITED
昌利（控股）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8098)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2017

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a high investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the "Directors") of CL Group (Holdings) Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

HIGHLIGHTS

- The Group's total revenue and investment income for the year ended 31 March 2017 was approximately HK$75.6 million (2016: approximately HK$60.3 million), representing an increase of approximately 25.2% from that of the year ended 31 March 2016.

- The Group's profit before tax for the year ended 31 March 2017 amounted to approximately HK$51.1 million (2016: approximately HK$26.8 million).

- The Group's profit attributable to the owners of the Company amounted to approximately HK$42.7 million for the year ended 31 March 2017 (2016: approximately HK$21.1 million).

- Basic and diluted earnings per share for the year ended 31 March 2017 were approximately HK1.94 cents (2016: Basis earnings per share of approximately HK0.96 cent) and approximately HK1.94 cents (2016: Diluted earnings per share of approximately HK0.95 cent) respectively.

- The Board proposed a final dividend of HK1.0 cent per share for the financial year ended 31 March 2017 (2016: HK2.0 cents).

FINAL RESULTS

The board of Directors (the "Board") is pleased to present the consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2017 (the "Financial Year") together with comparative figures for the year ended 31 March 2016, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2017

	Notes	**2017**	2016
		HK$	*HK$*
Revenue	*4*	**64,420,193**	65,373,146
Net gain on trading of financial assets at fair value through profit or loss		**1,549,830**	621,354
Net change in fair value of financial assets at fair value through profit or loss		**9,586,564**	(5,651,708)
Net other income, gains and losses	*5*	**3,794,728**	(7,161,432)
Administrative expenses		**(27,761,914)**	(26,056,841)
Finance costs	*7*	**(463,633)**	(334,540)
Profit before tax	*8*	**51,125,768**	26,789,979
Income tax expenses	*9*	**(8,383,142)**	(5,650,735)
Profit and total comprehensive income for the year		**42,742,626**	21,139,244
Profit and total comprehensive income attributable to:			
Owners of the Company		**42,738,543**	21,090,715
Non-controlling interests		**4,083**	48,529
		42,742,626	21,139,244
Earnings per share			(Restated)
— Basic	*11*	**1.94 cents**	0.96 cent
— Diluted	*11*	**1.94 cents**	0.95 cent

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2017

	Notes	2017 HK$	2016 HK$
Non-current assets			
Plant and equipment		**2,068,556**	501,940
Intangible assets		**21,039,733**	22,769,105
Other assets		**1,745,491**	1,775,986
Rental and utility deposits		**708,895**	648,945
Loans receivables	13	**33,551**	40,364
Deferred tax assets		**—**	661,057
		25,596,226	26,397,397
Current assets			
Trade receivables	12	**92,464,712**	101,661,189
Loans receivables	13	**78,639,077**	87,522,834
Other receivables, deposits and prepayments		**1,640,533**	1,679,059
Financial assets at fair value through profit or loss		**29,129,947**	12,767,413
Held-to-maturity investments		**22,000,000**	10,000,000
Tax refundable		**71,005**	106,232
Pledged bank deposit		**10,000,000**	10,000,000
Bank balances and cash — trust accounts		**21,567,948**	49,163,334
Bank balances and cash — general accounts		**11,918,299**	1,229,275
		267,431,521	274,129,336
Current liabilities			
Trade payables	14	**22,765,574**	50,028,413
Other payables and accruals	15	**1,854,494**	2,165,390
Bank borrowings	16	**12,200,000**	15,230,411
Income tax payables		**2,265,893**	1,491,661
		39,085,961	68,915,875
Net current assets		**228,345,560**	205,213,461
Total assets less current liabilities		**253,941,786**	231,610,858
Non-current liability			
Deferred tax liabilities		**1,667,577**	48,036
Net assets		**252,274,209**	231,562,822

	Notes	**2017**	2016
		HK$	*HK$*
Capital and reserves			
Share capital	*17*	**22,000,000**	11,000,000
Reserves		**230,274,209**	220,679,424
Equity attributable to owners of the Company		**252,274,209**	231,679,424
Non-controlling interest		**—**	(116,602)
Total equity		**252,274,209**	231,562,822

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2017

	Share capital *HK$*	Share premium *HK$*	Merger reserve *HK$*	Share options reserve *HK$*	Capital reserve *HK$*	Retained profits *HK$*	Attributable to owners of the Company *HK$*	Non-controlling interests *HK$*	Total *HK$*
At 1 April 2015	11,000,000	141,963,232	32,500,000	8,275,000	—	38,850,477	232,588,709	(165,131)	232,423,578
Profit and total comprehensive income for the year	—	—	—	—	—	21,090,715	21,090,715	48,529	21,139,244
Dividend	—	—	—	—	—	(22,000,000)	(22,000,000)	—	(22,000,000)
At 31 March 2016 and 1 April 2016	11,000,000	141,963,232	32,500,000	8,275,000	—	37,941,192	231,679,424	(116,602)	231,562,822
Profit and total comprehensive income for the year	—	—	—	—	—	42,738,543	42,738,543	4,083	42,742,626
Issue of new shares under the bonus issues *(Note a)*	11,000,000	(11,031,239)	—	—	—	—	(31,239)	—	(31,239)
Purchase of additional interest in subsidiary *(Note b)*	—	—	—	—	(112,519)	—	(112,519)	112,519	—
Dividend	—	—	—	—	—	(22,000,000)	(22,000,000)	—	(22,000,000)
At 31 March 2017	**22,000,000**	**130,931,993**	**32,500,000**	**8,275,000**	**(112,519)**	**58,679,735**	**252,274,209**	**—**	**252,274,209**

Notes:

(a) Bonus shares have been issued to shareholders on the basis of one bonus share for every one exiting share on 30 August 2016.

(b) Purchase of additional interest in subsidiary is the purchase of additional 9% equity interest in Capital Global (BVI) Limited.

1. GENERAL

The Company is incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited ("Stock Exchange"). The address of the registered office is disclosed in the corporate information section of the annual report and its principal place of business is Office No. 16B, 16/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.

The consolidated financial statements are presented in Hong Kong Dollars ("HK$"), which is also the functional currency of the Company.

The principal activities of the Company and its subsidiaries (collectively referred to as the "Group") are engaged in the provision of securities, futures and options brokering and trading, loan financing service, placing and underwriting services, securities advisory service and investment holding.

The ultimate holding company of the Group is Zillion Profit Limited, a private company incorporated in the British Virgin Islands with limited liability. Its ultimate controlling party is Ms. Au Suet Ming Clarea ("Ms. Au").

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and revised HKFRSs affecting amounts reported and/or disclosures in the consolidated financial statements

In the current year, the Group has adopted the following new or revised standards and amendments (the "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are or have become effective for the Group's financial year beginning on 1 April 2016:

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012–2014 Cycle
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interest in Joint Operations
HKFRS 14	Regulatory Deferral Accounts
HKAS 1 (Amendments)	Disclosure Initiative
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements

The adoption of the new HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new HKFRSs that have been issued but are not yet effective.

HKFRSs	Annual Improvements to HKFRSs 2014–2016 Cycle[5]
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions[2]
HKFRS 4 (Amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[2]
HKFRS 9	Financial Instruments[2]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[2]
HKFRS 16	Lease[3]
HKAS 7 (Amendments)	Disclosure Initiative[1]
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses[1]
HKAS 40 (Amendments)	Transfer of Investment Property[2]
HK (IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[2]

1 Effective for annual periods beginning on or after 1 January 2017.

2 Effective for annual periods beginning on or after 1 January 2018.

3 Effective for annual periods beginning on or after 1 January 2019.

4 Effective for annual periods beginning on or after a date to be determined.

5 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' ("FVTOCI") measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company (the "Directors") anticipate that the adoption of HKFRS 9 in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 15 Revenue from Contracts with Customers

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The Directors anticipate that the application of HKFRS 15 in the future may have impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

The Directors anticipate that the application of the other new HKFRSs will have no material impact on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

— Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

— Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

— Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity including reserves and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted after re-attribution of the relevant equity component, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4. REVENUE

An analysis of the Group's revenue for the year from continuing operations is as follows:

	2017	2016
	HK$	*HK$*
Commission and brokerage fees from securities dealing on the Stock Exchange	**7,313,179**	8,261,991
Placing and underwriting commission	**13,192,744**	14,710,587
Commission and brokerage fees from dealing in futures contracts	**216,862**	183,797
Commission from securities advisory services	**1,700,000**	600,000
Other service income	**102,121**	24,869
Clearing and settlement fee	**2,018,771**	3,898,352
Handling service and dividend collection fees	**349,668**	783,909
Interest income from		
— clients (including margin clients)	**31,965,942**	31,441,127
— authorised financial institutions	**110,278**	157,410
— others	**4,831,648**	2,421,929
Income derived from:		
— income right	**2,289,820**	2,423,180
— film right	**47,520**	465,995
Market data subscription income	**281,640**	—
	64,420,193	65,373,146

5. NET OTHER INCOME, GAINS AND LOSSES

	2017	2016
	HK$	*HK$*
Write-off of plant and equipment	**—**	(446,032)
Net exchange loss	**(9,371)**	(21,230)
Impairment loss on trade receivables	**(86,561)**	—
Recovery of (impairment loss on) loans receivables	**4,144,486**	(6,423,647)
Recovery of other receivables	**—**	800,000
Impairment loss on intangible assets	**(399,600)**	(1,146,600)
Sundry income	**145,774**	76,077
	3,794,728	(7,161,432)

6. SEGMENTS INFORMATION

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments:

	2017					
	Securities, futures and options brokering and trading	**Placing and underwriting**	**Loan financing**	**Securities advisory service**	**Investment holding**	**Consolidated**
	HK$	***HK$***	***HK$***	***HK$***	***HK$***	***HK$***
Segment revenue	**24,544,087**	**13,192,744**	**17,710,113**	**1,700,000**	**7,273,249**	**64,420,193**
Segment results	**14,887,178**	**8,041,200**	**15,164,300**	**1,455,601**	**16,546,074**	**56,094,353**
Net other income, gains and losses						**3,794,728**
Unallocated other operating expenses						**(8,299,680)**
Finance costs						**(463,633)**
Profit before tax						**51,125,768**
Income tax expenses						**(8,383,142)**
Profit for the year						**42,742,626**

	2016					
	Securities, futures and options brokering and trading	Placing and underwriting	Loan financing	Securities advisory service	Investment holding	Consolidated
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Segment revenue	34,598,264	14,710,587	10,120,989	600,000	5,343,306	65,373,146
Segment results	21,744,235	13,639,251	8,348,004	358,608	(1,754,290)	42,335,808
Net other income, gains and losses						(7,161,432)
Unallocated other operating expenses						(8,049,857)
Finance costs						(334,540)
Profit before tax						26,789,979
Income tax expenses						(5,650,735)
Profit for the year						21,139,244

Revenue reported above represents revenue generated from external customers. There was no inter-segment transactions during the year (2016: HK$nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment results represents the profit earned by each segment without allocation of net other income, gains and losses, share-based payments, unallocated other operating expenses and finance costs. This is the measure reported to the executive Directors for the purpose of resources allocation and performance assessment.

Segment assets and liabilities

	2017					
	Securities, futures and options brokering and trading	**Placing and underwriting**	**Loan financing**	**Securities advisory service**	**Investment holding**	**Consolidated**
	HK$	***HK$***	***HK$***	***HK$***	***HK$***	***HK$***
Assets						
Segment assets	**118,440,913**	**—**	**78,726,303**	**—**	**77,557,529**	**274,724,745**
Unallocated assets						**18,303,002**
Total assets						**293,027,747**
Liabilities						
Segment liabilities	**24,296,361**	**—**	**1,288,670**	**—**	**6,694,667**	**32,279,698**
Unallocated liabilities						**8,473,840**
Total liabilities						**40,753,538**

	2016					
	Securities, futures and options brokering and trading	Placing and underwriting	Loan financing	Securities advisory service	Investment holding	Consolidated
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Assets						
Segment assets	158,672,804	—	83,656,718	—	46,406,145	288,735,667
Unallocated assets						11,791,066
Total assets						300,526,733
Liabilities						
Segment liabilities	51,814,464	—	319,345	—	355,316	52,489,125
Unallocated liabilities						16,474,786
Total liabilities						68,963,911

Geographical information

The Group operates in the two principal geographical areas — Hong Kong and the People's Republic of China (the "PRC").

The Group's revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed as below:

	Revenue from external customers		Non-current assets*	
	2017	2016	**2017**	2016
	HK$	*HK$*	***HK$***	*HK$*
Hong Kong	**62,130,373**	62,949,966	**3,814,047**	2,810,726
The PRC	**2,289,820**	2,423,180	**21,039,733**	22,236,305
	64,420,193	65,373,146	**24,853,780**	25,047,031

* Non-current assets exclude financial instruments and deferred tax assets.

Information on major customers

One major customer of the Group accounted for approximately 15% (2016: 19%) of the total revenue during the year ended 31 March 2017. No other single customer contributed 10% or more to the Group's revenue for both years.

7. FINANCE COSTS

	2017	2016
	HK$	*HK$*
Interest on bank borrowings wholly repayable within five years	**402,125**	312,621
Interest on shareholder loan wholly repayable on demand	**61,508**	21,919
	463,633	334,540

8. PROFIT BEFORE TAX

	2017	2016
	HK$	*HK$*
Profit before tax has been arrived at after charging (crediting):		
Staff costs (including Directors' emoluments)	**6,653,075**	6,076,118
Auditor's remuneration	**570,000**	530,000
Depreciation of plant and equipment	**769,075**	1,058,883
Amortisation of intangible assets	**1,329,772**	1,616,424
Net gain on trading of financial assets at fair value through profit or loss	**(1,549,830)**	(621,354)
Net change in fair value of financial assets at fair value through profit or loss	**(9,586,564)**	5,651,708
Impairment loss on trade receivables	**86,561**	—
(Recovery of) impairment loss on loans receivables	**(4,144,486)**	6,423,647
Recovery of other receivables	**—**	(800,000)
Impairment loss on intangible assets	**399,600**	1,146,600
Write-off of plant and equipment	**—**	446,032
Operating lease payments in respect of rented premises	**2,244,712**	2,823,482

9. INCOME TAX EXPENSES

	2017	2016
	HK$	*HK$*
Hong Kong Profits Tax		
— current year	**6,162,544**	5,622,548
— (over) under-provision in prior year	**(60,000)**	608,937
Deferred tax		
— current year	**2,280,598**	(1,566,266)
— under-provision in prior year	**—**	985,516
	8,383,142	5,650,735

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for both years.

The tax expenses for the year can be reconciled to the profit before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	2017	2016
	HK$	*HK$*
Profit before tax	**51,125,768**	26,789,979
Tax at the domestic income tax rate of 16.5% (2016: 16.5%)	**8,435,752**	4,420,346
Tax effect of expenses not deductible for tax purpose	**303,531**	270,277
Tax effect of income not taxable for tax purpose	**(520,185)**	(545,430)
Tax effect of temporary difference not recognised	**253,494**	3,645
Tax effect of tax loss not recognised	**104,651**	58
Utilisation of tax losses previously not recognised	**(10,349)**	(92,614)
(Over) Under-provision in prior year	**(183,752)**	1,594,453
Tax expenses for the year	**8,383,142**	5,650,735

At 31 March 2017, the Group had unused estimated tax losses of HK$1,415,745 (2016: HK$1,478,466) available for offset against future profits. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams.

10. DIVIDEND

	2017	2016
	HK$	*HK$*
2016 Final dividend paid — HK2.0 cents per share (2015 Final dividend paid — HK2.0 cents per share)	**22,000,000**	22,000,000

The Board proposed a final dividend of HK1.0 cent per ordinary share for the year ended 31 March 2017 (2016: HK2.0 cents). This proposed final dividend is not reflected as a dividend payable as of 31 March 2017, but will be recorded as a distribution of retained profits for the year ending 31 March 2018.

11. EARNINGS PER SHARE

	2017	2016
	HK$	*HK$*
Profit for the year attributable to owners of the Company	**42,738,543**	21,090,715

	2017	2016
		(Restated)
Weighted average number of ordinary shares for the purposes of basic earnings per share	**2,200,000,000**	2,200,000,000
Effect of dilutive potential ordinary shares:		
Share options of the Company	**—**	2,360,515
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**2,200,000,000**	2,202,360,515

The calculation of basic earnings per share is based on the Group's profit attributable to the owners of the Company of HK$42,738,543 (2016: HK$21,090,715) and the weighted average number of ordinary shares of 2,200,000,000 (2016: 2,200,000,000 (restated)) in issue during the year.

Diluted earnings per share is calculated by the adjusted number of shares which represented the weighted average number of ordinary shares deemed to have been issued, assuming the exercise of the share options.

The calculation of diluted earnings per share amount for the year ended 31 March 2017 is based on the profit for the year attributable to owners of the Company of HK$42,738,543 (2016: HK$21,090,715) and the weighted average number of 2,200,000,000 (2016: 2,202,360,515 (restated)) dilutive potential ordinary shares in issue during the year.

The computation of diluted earnings per share not assume the exercise of the Group's outstanding share options as the exercise price of those options is higher than the average market price for shares for 2017.

The weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share for the last year has been adjusted for the effect of the bonus shares issue completed on 30 August 2016.

12. TRADE RECEIVABLES

	2017	2016
	HK$	*HK$*
Trade receivables from the business of dealing in securities:		
— Cash clients	**2,168,651**	573,501
— Margin clients	**89,863,095**	98,186,750
— Clearing houses and brokers	**17,867**	2,571,013
Trade receivables from the business of dealing in futures contracts:		
— Clearing houses	**227,884**	131,003
Income receivables from the income right	**187,215**	198,922
	92,464,712	101,661,189

The settlement terms of trade receivables arising from the business of dealing in securities is two days after the trade date, and trade receivables arising from the business of dealing in futures contracts is one day after the trade date.

Listed securities of clients are held as collateral against secured margin loans. The aggregate fair value of the listed securities at 31 March 2017 held as collateral was HK$258,752,700 (2016: HK$188,890,050).

The aging analysis of the trade receivables are as follows:

	2017	2016
	HK$	*HK$*
Margin clients balances:		
No due date	**89,863,095**	98,100,189
Past due but not impaired	**—**	86,561
	89,863,095	98,186,750
Cash clients balances:		
No due date	**2,168,651**	573,501
Past due	**—**	—
	2,168,651	573,501
Other balances:		
Not yet due (within 30 days)	**432,966**	2,900,938
Past due	**—**	—
	432,966	2,900,938
	92,464,712	101,661,189

Provision of impairment loss on trade receivables:

	2017	2016
	HK$	*HK$*
Balance at beginning of the year	**2,799,690**	2,799,690
Impairment loss for the year	**86,561**	—
Balance at the end of the year	**2,886,251**	2,799,690

The aging analysis of trade receivables that are past due but not impaired:

	2017	2016
	HK$	*HK$*
Margin clients balances:		
Past due but not impaired	**—**	86,561

To minimise the Group's exposure to credit risk, the management is responsible for the evaluation of the customers' credit ratings, financial background and repayment abilities. Management had set up the credit limit for each individual customer which is subjected to regular review. Any extension of credit beyond the approval limit has to be approved by relevant level of management on an individual basis according to the exceeded amount. The Group has a policy for reviewing impairment of trade receivables without sufficient collateral and those with default or delinquency in interest or principal payment. The assessment is based on an evaluation of the collectability and aging analysis of the accounts and on management's judgement including the current creditworthiness, collateral value and the past collection history of each customer.

In determining the recoverability of the trade receivables, the Group considers any change in the credit quality of the trade receivables from the date when credit was initially granted up to the reporting date. The credit risk is limited due to the customer base being large and unrelated. The Directors believe that HK$2,886,251 (2016: HK$2,799,690) allowance for impairment was necessary as at 31 March 2017.

13. LOANS RECEIVABLES

	2017	2016
	HK$	*HK$*
Loan advanced and interest receivables	**78,672,628**	87,563,198

	2017	2016
	HK$	*HK$*
Analysed as:		
Current	**78,639,077**	87,522,834
Non-current	**33,551**	40,364
	78,672,628	87,563,198

As at 31 March 2017, secured loans with the aggregate principal amount of HK$55,939,544 (2016: HK$52,496,738) were secured by listed marketable securities in Hong Kong and overseas, unlisted corporate bonds in Hong Kong and second legal charges in respect of properties located in Hong Kong. The remaining balance of the loans advanced amounting to HK$19,635,772 (2016: HK$29,877,736) were unsecured and were provided to independent third parties of the Group.

The fair values of the Group's loans receivables at the end of the reporting period are determined based on the present value of the estimated future cash flows discounted using the prevailing market rates at the end of each reporting period. The fair values of the Group's loans receivables approximate to the corresponding carrying amounts of the loans receivables. The effective interest rates of the Group's loans receivables are 13%–34% per annum. (2016: 13%–34% per annum).

Listed marketable securities of clients are held as collateral against secured loans receivables. The fair value of the listed securities at 31 March 2017 held as collateral was HK$128,295,360 (2016: HK$89,320,536).

As at 31 March 2017, no loans receivables has been past due but not impaired (2016: HK$5,188,922). Partial repayment was made by the borrowers subsequent to the end of the reporting period.

Provision of impairment loss on loans receivables:

	2017	2016
	HK$	*HK$*
Balance at beginning of the year	**6,423,647**	—
(Recovery of) Impairment loss on loans receivables for the year	**(4,144,486)**	6,423,647
Balance at the end of the year	**2,279,161**	6,423,647

The loans receivables have been reviewed by the management to assess impairment which are based on the evaluation of collectability, aging analysis of accounts and on their judgment, including the current creditworthiness and the past collection statistics. Taking into account the creditworthiness of the borrowers, the Directors believed that no allowance for impairment was necessary as at 31 March 2017 (2016: HK$6,423,647).

14. TRADE PAYABLES

	2017	2016
	HK$	*HK$*
Trade payables from the business of dealing in securities:		
— Cash clients	**16,303,693**	31,216,946
— Margin clients	**5,343,172**	16,381,345
— Clearing houses and brokers	**638,700**	—
Trade payables from the business of dealing in futures contracts:		
— Margin clients	**480,009**	2,430,122
	22,765,574	50,028,413

The settlement terms of trade payables arising from the business of dealing in securities are two days after trade date, and trade payables arising from the business of dealing in futures contracts are one day after trade date. No aging analysis is disclosed as in the opinion of the Directors, the aging analysis does not give additional value in view of the nature of this business.

Included in trade payables to cash clients and margin clients attributable to dealing in securities and futures contracts transaction is an amount of HK$21,567,948 (2016: HK$49,163,334) representing these clients' undrawn monies/excess deposits placed with the Group. The balances are repayable on demand.

The Directors consider that the carrying amounts of trade payables approximate their fair values.

15. OTHER PAYABLES AND ACCRUALS

	2017	2016
	HK$	*HK$*
Accrued charges	**1,369,773**	1,503,193
Stamp duty, trading levies and trading fee payables	**324,087**	560,025
Other payables	**160,634**	102,172
	1,854,494	2,165,390

All accrued expenses and other payables are expected to be settled or recognised as expenses within one year.

16. BANK BORROWINGS

	Notes	**2017** **HK$**	2016 HK$
Bank overdraft	*(a)*	**—**	730,411
Bank loans			
— Secured	*(b)*	**7,000,000**	5,000,000
— Unsecured	*(c)*	**5,200,000**	9,500,000
		12,200,000	15,230,411

(a) Bank overdraft carries interest at rate of 0.75% per annum below the bank's HKD Prime Rate, with secured bank facilities of HK$5,000,000 (2016: HK$5,000,000).

(b) Secured bank loan of HK$7,000,000 (2016: HK$5,000,000) carries interest at rate of HIBOR plus 2.5% per annum, was drawn under the banking facilities of HK$15,000,000 (2016: HK$15,000,000). Pledged bank deposit of HK$5,000,000 (2016: HK$5,000,000) represents deposits pledged to banks to secure bank facilities granted to the Group.

(c) Unsecured bank loan of HK$5,200,000 (2016: HK$9,500,000) carries interest at rate of HIBOR plus 2.75% per annum, was drawn under the aggregated banking facilities of HK$9,500,000 (2016: HK$9,500,000).

The Company provided a corporate guarantee to support these banking facilities to its subsidiaries.

The banking facilities are subject to the fulfilment of covenants. If the Group was to breach the covenants, the drawn down facility would become payable on demand.

The effective interest rate on the bank loan is also equal to the contracted interest rate.

17. SHARE CAPITAL

	Number of Ordinary shares HK$0.01 each	*HK$*
Authorised:		
At 1 April 2015, 31 March 2016, 1 April 2016 and 31 March 2017	5,000,000,000	50,000,000
Issued and fully paid:		
At 1 April 2015, 31 March 2016, 1 April 2016	1,100,000,000	11,000,000
Bonus shares issued *(Note a)*	1,100,000,000	11,000,000
At 31 March 2017	2,200,000,000	22,000,000

Note:

(a) The Group has issued bonus share to the shareholders on the basis of one bonus share for every one existing share on 30 August 2016. The bonus shares, upon allotment and issue was credited as fully paid at par by way of capitalisation of an amount equal to the total par value of the bonus shares standing to the credit of the share premium account of the Group.

18. COMPARATIVE FIGURES

Earning per share figures have been restated to conform with current year's presentation.

MARKET REVIEW

The year of 2016 was full of surprises and uncertainties, with the Brexit vote result in June 2016, Donald Trump winning the United States Presidential Election, the economic slowdown in the PRC and the pressure of the weakening yuan, however, the market stayed volatile, Hang Seng Index rose to the highest of 24,657 at 21 March 2017 from the lowest of 19,594 at 13 May 2016.

As at 31 March 2017, the Hang Seng Index recorded as 24,112, representing approximately 16.1% increase as compared with 20,777 as at 31 March 2016.

The total value of transactions of the Hong Kong stock market for the year ended 31 March 2017 decreased by approximately 33.2% as compared with the year ended 31 March 2016. The average daily value of transactions was approximately HK$66.9 billion.

BUSINESS REVIEW

Revenue

The Group's total revenue and investment income for the year was approximately HK$75.6 million, as compared with 2016 of approximately HK$60.3 million, increased by approximately 25.2% or approximately HK$15.3 million. The breakdown of revenue and investment income by business activities of the Group is set out below:

	Year ended 31 March 2017 *HK$*	**%**	Year ended 31 March 2016 *HK$*	%	**Increase/ (decrease)** %
Revenue					
Commission and brokerage fees from securities dealings on the Stock Exchange	**7,313,179**	**11.4%**	8,261,991	12.6%	(11.5%)
Placing and underwriting commission	**13,192,744**	**20.5%**	14,710,587	22.5%	(10.3%)
Commission and brokerage fee from dealing in futures contracts	**216,862**	**0.3%**	183,797	0.3%	18.0%
Commission from securities advisory services	**1,700,000**	**2.6%**	600,000	0.9%	183.3%
Other services income	**102,121**	**0.2%**	24,869	0.1%	310.6%
Clearing and settlement fees	**2,018,771**	**3.1%**	3,898,352	6.0%	(48.2%)
Handling service and dividend collection fees	**349,668**	**0.5%**	783,909	1.2%	(55.4%)
Interest income from					
— clients (including margin clients)	**31,965,942**	**49.6%**	31,441,127	48.1%	1.7%
— authorised financial institutions	**110,278**	**0.2%**	157,410	0.2%	(29.9%)
— others	**4,831,648**	**7.5%**	2,421,929	3.7%	99.5%
Income derived from:					
— income right	**2,289,820**	**3.5%**	2,423,180	3.6%	(5.5%)
— film right	**47,520**	**0.1%**	465,995	0.1%	(89.8%)
Market data subscription income	**281,640**	**0.4%**	—	0.0%	100%
	64,420,193	**100.0%**	65,373,146	100.0%	(1.5%)
Net gain on trading of financial assets at fair value through profit or loss	**1,549,830**	**13.9%**	621,354	(12.4%)	149.4%
Net change in fair value of financial assets at fair value through profit or loss	**9,586,564**	**86.1%**	(5,651,708)	112.4%	(269.6%)
	11,136,394	**100.0%**	(5,030,354)	100.0%	(321.4%)
	75,556,587		60,342,792		25.2%

Securities and Futures Brokerage

Revenue from Securities and Futures Brokerage represent commission and brokerage fee and other fees including interest derived from cash and margin securities or futures accounts and interest from IPO financing.

The commission and brokerage fee from securities dealing decreased by approximately 11.5% from approximately HK$8.3 million for the year ended 31 March 2016 to approximately HK$7.3 million for the year ended 31 March 2017.

The total value of transactions decreased by approximately 55.0% from approximately HK$185,926.8 million for the year ended 31 March 2016 to approximately HK$83,644.6 million for the year ended 31 March 2017.

The total value of transactions for securities dealings carried out by the Group for the year ended 31 March 2017 decreased as compared with 2016. As a result, income relating to clearing and settlement fees also decreased by approximately 48.2% from approximately HK$3.9 million for the year ended 31 March 2016 to approximately HK$2.0 million for the year ended 31 March 2017.

The commission and brokerage fees from dealing in futures contracts increased by approximately 18.0% from HK$183,797 for the year ended 31 March 2016 to HK$216,862 for the year ended 31 March 2017.

The interest income derived from cash and margin securities accounts for the year ended 31 March 2017 was approximately HK$14.3 million represents a decrease of approximately 34.3% from that of the year ended 31 March 2016 amounting approximately HK$21.8 million.

The other service income increased by approximately 310.6% from HK$24,869 for the year ended 31 March 2016 to HK$102,121 for the year ended 31 March 2017.

On July 2016, the Group open up the provision of subscription of market data services to clients, up to the year ended, the Group generated approximately HK$281,640 of other services income from such services.

Loan and Financing

The Group holds Money Lenders Licence to engage in money lending business for providing loan and financing to customers. During the reporting period, CLC Finance Limited, the Company's wholly-owned subsidiary, provides loan and financing service to customers. The interest income derived from providing loan and finance to customers for the year ended 31 March 2017 was approximately HK$17.7 million (2016: approximately HK$9.6 million).

Securities Advisory Service

The Group holds licence under the Securities and Futures Ordinance to engage in Type 4 regulated activities — Advising on Securities. Revenue generated from this segment derived from services provided under these regulated activities.

During the reporting period, Cheong Lee Securities Limited (“Cheong Lee”), the Company’s wholly-owned subsidiary, provides securities advisory service to customers.

Commission income derived from securities advisory services for year ended 31 March 2017 was HK$1.7 million (2016: HK$0.6 million).

Placing and Underwriting Business

Under normal circumstances, the Group acts as an underwriter or a sub-underwriter or a placing agent or a sub-placing agent on best effort basis for fund-raising activities. It would take the role on underwritten basis only if it received special requests from the issuers and/or their respective placing and underwriting agents.

During the year ended 31 March 2017, the placing and underwriting commission decreased by approximately 10.3% from approximately HK$14.7 million for the year ended 31 March 2016 to approximately HK$13.2 million for the year ended 31 March 2017.

Investment Holding

The Group maintained an investment portfolio included the holding of listed equity securities, bonds, income right and film right. During the year under review, the Group receive annual return (net of PRC tax) of RMB2,004,000 from an income right of the photovoltaic power plant at the rooftop of a factory located at Hunan Province, the PRC. The total value of the Group investment portfolio was approximately HK$77.6 million (2016: approximately HK$46.4 million). As at 31 March 2017, the value of portfolio of listed securities was approximately HK$29.1 million (2016: approximately HK$12.8 million). This business segment has recorded revenue of approximately HK$7.3 million (2016: approximately HK$5.3 million). Net gain on trading of financial assets at fair value through profit or loss of approximately HK$1.5 million (2016: approximately HK$0.6 million) and net fair value gain of financial assets at fair value through profit or loss of approximately HK$9.6 million (2016: net fair value loss of approximately HK$5.7 million).

Administrative Expenses

During the year ended 31 March 2017, the administrative expenses increased by approximately 6.5% from approximately HK$26.1 million for the year ended 31 March 2016 to approximately HK$27.8 million for the year ended 31 March 2017. The increased in administrative expenses were mainly due to the increased by approximately HK$1.5 million to payment of commission for Placing and Underwriting activities.

Due to the total value of transaction decreased by approximately 55.0% from approximately HK$185,926.8 million for the year ended 31 March 2016 to approximately HK$83,644.6 million for the year ended 31 March 2017, the related expenses such as CCASS charges was decreased by approximately 40.1% from HK$4.3 million for the year ended 31 March 2016 to approximately HK$2.6 million for the year ended 31 March 2017.

Staff cost were approximately HK$6.7 million for the year ended 31 March 2017 as compared to approximately HK$6.1 million for the year ended 31 March 2016.

Liquidity, Financial Resources and Capital Structure

The Group financed its operations by shareholders' equity and cash generated from operations.

The Group maintained approximately HK$21.9 million of bank deposit, bank balances and cash in general accounts as at 31 March 2017. This represented an increase of approximately 95.2% as compared with the position as at 31 March 2016 of approximately HK$11.2 million. Most of the Group's cash and bank balances in general accounts were denominated in HK dollars.

The net current assets of the Group increased from approximately HK$205.2 million as at 31 March 2016 to approximately HK$228.3 million as at 31 March 2017 which represents an increase of approximately 11.3%. The current ratio of the Group as at 31 March 2017 was approximately 6.8 times (2016: approximately 4.0 times).

The Group had utilised HK$7 million of secured loans (2016: HK$5 million).

The gearing ratio is calculated as total indebtedness divided by total capital. Total indebtedness is total bank borrowings (including current and non-current bank borrowings). Total capital is calculated as "equity", as shown in the consolidated statement of financial position. At the end of the reporting period, the Group's gearing ratio is 4.8% (2016: 6.6%).

Taking into consideration the existing financial resources available to the Group, it is anticipated that the Group should have adequate financial resources to meet its ongoing operating and development requirements.

Charge on Group Assets and Guarantee

As at 31 March 2017, certain bank deposits of the Group's subsidiaries in the aggregate amount of HK$10 million (2016: HK$10 million) were pledged and corporate guarantee from the Company for securing overdraft and revolving loan facilities amounted to HK$34.5 million (2016: HK$34.5 million) issued by the banks to the Group. As at 31 March 2017, included in the banking facilities granted by the banks, HK$12.2 million has been utilised (2016: HK$15.2 million).

Contingent liabilities

As at 31 March 2017, the Group had no material contingent liabilities (2016: Nil).

Capital commitments

As at 31 March 2017, the Group had no capital commitments, contracted but not provided in the consolidated financial statements (2016: HK$194,800).

Staff and remuneration policies

The Group believes that staff is our most valuable asset, they are encouraged to pursue excellence at work and career development. We encourage staff to maintain healthy balance between work and life, and communicate with staff to enhance staff morale and their sense of belonging.

Total staff costs (including Directors' emoluments) were approximately HK$6.7 million for the year ended 31 March 2017 as compared to approximately HK$6.1 million for the year ended 31 March 2016.

Remuneration is determined based on the individual's qualification, experience, position, job responsibility and market conditions. Salary adjustments and staff promotion are based on evaluation of staff performance by way of annual review, and discretionary bonuses would be paid to staff with reference to the financial performance of the Group of the preceding financial year. Other benefits include contributions to statutory mandatory provident fund scheme to its employees in Hong Kong, share options that may be granted under the share option scheme.

Future plans for material investments or capital assets

As at 31 March 2017, the Group had no plans for material investments or acquisition of capital assets, but will actively pursue opportunities for investments to enhance the profitability of the Group in its ordinary course of business.

Material Acquisitions of subsidiaries and affiliated companies

The Group has not made any material acquisitions and disposal of subsidiaries and associated companies. As at 31 March 2017 and up to the date of this annual report, the Group did not hold any significant investment.

Significant Investment

As at 31 March 2017, there was no significant investment held by the Group.

Foreign exchange exposure

The Group's business is principally conducted in Hong Kong dollars, the Directors consider that potential foreign exchange exposure of the Group is limited.

RISK MANAGEMENT

Credit Risk

Credit risk exposure represents loans to customer, trade receivables from brokers, clients and clearing houses which principally arise from our business activities. The Group has a credit policy in place and the credit risk is monitored on an on-going basis.

For trade receivables from clients, normally clients are required to settle the amount within 2 days (T+2). Responsible officers will regularly review the overdue balance. The credit risk arising from the trade receivables from clients is considered as small.

For trade receivables from margin clients, normally the Group obtains securities and/or cash deposits as collateral for providing margin financing to clients. Receivables from margin clients are repayable on demand. Market conditions and the adequacy of collateral of each margin clients are monitored by responsible officers on a daily basis. Margin calls and forced liquidation are required when necessary.

For trade receivables from brokers and clearing houses, the Group considered that credit risk is low as those brokers and clearing houses are registered with regulatory bodies.

In order to minimise the credit risk of loans receivables, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue loans receivables, if any. In addition, the Group reviews the recoverable amount of each individual loan receivable at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors of the Company consider that the Group's loans receivables credit risk is significantly reduced.

The Group does not provide any guarantees which would expose the Group to credit risk.

Liquidity Risk

The Group is subject to the statutory liquidity requirements as prescribed by the regulators. The Group has a monitoring system to ensure that it maintains adequate liquid capital to fund its business commitments and to comply with the Securities and Futures (Financial Resources) Rules (Cap.571N).

The Group has maintained stand-by banking facilities to meet any contingency in its operations. The Board believes that the Group's working capital is adequate to meet its long and short term financial obligations.

Foreign Exchange Risk

Certain assets of the Group's business are denominated in foreign currencies which expose the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

OUTLOOK

Despite the overall economic outlook is clouded with uncertainties amid recovery of global market, the slowdown of economy in the People's Republic of China, the pace of US Federal Fund rate-hike cycle and the effect if the British exit the European Union, Hong Kong stock market would be volatile by such external factors. The Group will leverage the knowledge and experience of our management team to seize opportunities as they arise. The Group will continue to grow its brokerage business and placing and underwriting business by broadening clients base and by strengthening our trading platform. The Group will continue to put efforts on expanding the margin and loan financing business and securities advisory service and on satisfying the needs of our customers.

The Group aims to become a leading financial service group in Hong Kong. The Group will continue looking for any potential business opportunities to bring in new sources of income and to further increase the profitability of the Group.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

For the year ended 31 March 2017, the Directors are not aware of any business or interest of the Directors, the controlling shareholder(s) of the Company and their respective close associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the code of conduct for securities transactions by the Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had made specific enquiry to all the Directors and the Directors have confirmed compliance with this code of conduct throughout the financial year ended 31 March 2017. No incident of non-compliance was noted by the Company during this period.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to promoting high standards of corporate governance. The Directors believe that sound and reasonable corporate governance practices are essential for the growth of the Group and for safeguarding the shareholders' interests and the Group's assets. Throughout the year ended 31 March 2017, the Company has complied with all the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2017.

FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

Directors proposed to declare a final dividend of HK1.0 cents per share for the year ended 31 March 2017, which is subject to approval by shareholders of the Company at the forthcoming annual general meeting (the "AGM").

The AGM of the Company is scheduled to be held on Wednesday, 2 August 2017. The proposed final dividend is subject to the passing of an ordinary resolution by the shareholders at the AGM. The record date for entitlement to the proposed final dividend is, Wednesday, 9 August 2017. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed on Wednesday, 9 August 2017, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's share registrars in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Monday, 7 August 2017.

The payment of final dividend is expected to be made on Wednesday, 16 August 2017.

AUDIT COMMITTEE

The Company set up an audit committee (the "Committee") on 21 February 2011, with written terms of reference in compliance with the GEM Listing Rules, for the purpose of reviewing and providing supervision over the financial reporting process and internal control of the Group. The Committee comprises three independent non-executive directors of the Company, namely Mr. Poon Wing Chuen, Mr. Au-Yeung Tai Hong Rorce and Mr. Chiu Wai Keung. The audited consolidated results of the Group for the year ended 31 March 2017 have been reviewed by the Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards, the Stock Exchange and legal requirements, and that adequate disclosures have been made.

SCOPE OF WORK OF HLM CPA LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2017 have been agreed by the Group's auditor, HLM CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by HLM CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLM CPA Limited on the preliminary announcement.

By Order of the Board
CL Group (Holdings) Limited
Alexis Ventouras
Chairman

Hong Kong, 27 June 2017

As at the date of this announcement, the Company's non-executive Director is Mr. Alexis Ventouras (Chairman), the Company's executive directors are Mr. Kwok Kin Chung (Chief Executive officer), Mr. Lau Kin Hon and Ms. Yu Linda, and the Company's independent non-executive directors are Mr. Au-Yeung Tai Hong Rorce, Mr. Poon Wing Chuen and Mr. Chiu Wai Keung.

This announcement will remain on the Latest Company Announcements page of the Stock Exchange website at www.hkexnews.hk for at least 7 days from the date of its posting. This announcement will also be posted on the Company's website at www.cheongleesec.com.hk.