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 2012

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 turnover for the year ended 31 March 2012 was approximately HK$50.9 million (2011: approximately HK$91.6 million), representing a decrease of approximately 44.4% from that of the year ended 31 March 2011.

- The Group's profit before taxation for the year ended 31 March 2012 amounted to approximately HK$27.5 million (2011: approximately HK$43.9 million).

- The Group's profit attributable to the owners of the Company amounted to approximately HK$22.7 million for the year ended 31 March 2012 (2011: approximately HK$36.2 million).

- Basic earnings per share amounted to approximately HK2.27 cents for the year ended 31 March 2012 (2011: approximately HK4.72 cents).

- The Board proposed the final dividend of HK2.0 cents per share for the financial year ended 31 March 2012.

POSSIBLE LISTING TRANSFER

- The Board is of the preliminary view that the Company meets the profit requirements to transfer its listing from GEM to the Main Board of the Stock Exchange under Rule 8.05(1) of the Rules Governing the Listing of Securities on the Stock Exchange. The Board will explore the possibility of the Listing Transfer. The Board is also reviewing whether the Company is able to meet all the other requirements for the Listing Transfer and the costs and benefits of such Listing Transfer and whether the Listing Transfer is in the interest of the Company and the shareholders of the Company as a whole. **Shareholders and the investing public should take note that there is no certainty that application for the Listing Transfer will eventually be made and even if the application is made, there is no certainty that the Stock Exchange will grant the approval of the Listing Transfer. Shareholders and the investing public should therefore exercise caution when dealing in the shares of the Company.**

- The Company will make announcement as soon as practicable when there is any material development regarding the Listing Transfer.

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 2012 (the "Financial Year") together with comparative figures for the year ended 31 March 2011, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2012

	Notes	**2012** *HK$*	2011 *HK$*
Turnover	*4*	**50,946,613**	91,592,091
Net other income	*5*	**535,662**	910,722
Administrative expenses		**(23,965,504)**	(48,610,071)
Finance costs		**(13)**	–
Profit before taxation	*7*	**27,516,758**	43,892,742
Income tax expenses	*8*	**(4,808,216)**	(7,713,137)
Profit for the year		**22,708,542**	36,179,605
Other comprehensive expenses			
Release of investments revaluation reserve upon disposal of available-for-sale financial assets		**–**	(1,970,116)
Total comprehensive income for the year		**22,708,542**	34,209,489
Profit (loss) for the year attributable to:			
Owners of the Company		**22,749,213**	36,179,605
Non-controlling interests		**(40,671)**	–
		22,708,542	36,179,605
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		**22,749,213**	34,209,489
Non-controlling interests		**(40,671)**	–
		22,708,542	34,209,489
Dividend	*9*	**20,000,000**	36,000,000
Earnings per share	*10*		
– Basic		**2.27 cents**	4.72 cents
– Diluted	*10*	**2.27 cents**	4.72 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2012

	Notes	2012 HK$	2011 HK$
Non-current assets			
Plant and equipment		**1,975,367**	1,821,997
Intangible assets		**139,560**	209,340
Other assets		**1,731,119**	1,787,913
Goodwill		**531,658**	–
		4,377,704	3,819,250
Current assets			
Trade receivables	*11*	**103,813,126**	18,091,624
Loan receivables	*12*	**13,023,226**	–
Other receivables, deposits and prepayments		**2,655,546**	1,784,178
Financial assets at fair value through profit or loss		**11,082,125**	7,423,919
Tax refundable		**928,610**	–
Pledged bank deposit		**5,000,000**	5,000,000
Bank balances and cash – trust accounts		**17,489,491**	77,939,538
Bank balances and cash – general accounts		**48,023,254**	156,247,333
		202,015,378	266,486,592
Current liabilities			
Trade payables	*13*	**17,909,963**	80,989,935
Other payables and accruals		**3,011,721**	4,475,244
Tax payable		**–**	2,132,635
		20,921,684	87,597,814
Net current assets		**181,093,694**	178,888,778
Total assets less current liabilities		**185,471,398**	182,708,028
Non-current liability			
Deferred tax liabilities		**104,007**	220,307
Net assets		**185,367,391**	182,487,721
Capital and reserves			
Share capital	*14*	**10,000,000**	10,000,000
Reserves		**175,367,391**	172,487,721
Total equity		**185,367,391**	182,487,721

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2012

	Share capital	Share premium	Merger reserve	Share option reserve	Investments revaluation reserve	Retained profits	Attributable to owners of the Company	Non-controlling interests	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
At 1 April 2010	40,000,000	–	–	–	1,970,116	27,303,683	69,273,799	–	69,273,799
Profit for the year	–	–	–	–	–	36,179,605	36,179,605	–	36,179,605
Other comprehensive expenses for the year	–	–	–	–	(1,970,116)	–	(1,970,116)	–	(1,970,116)
Total comprehensive income (expenses) for the year	–	–	–	–	(1,970,116)	36,179,605	34,209,489	–	34,209,489
Share swap pursuant to group Reorganisation	(32,500,000)	–	32,500,000	–	–	–	–	–	–
Issue of shares upon listing	2,500,000	118,750,000	–	–	–	–	121,250,000	–	121,250,000
Share issue expenses	–	(6,276,979)	–	–	–	–	(6,276,979)	–	(6,276,979)
Recognition of equity-settled share-based payments	–	–	–	31,412	–	–	31,412	–	31,412
Dividend	–	–	–	–	–	(36,000,000)	(36,000,000)	–	(36,000,000)
At 31 March 2011 and 1 April 2011	10,000,000	112,473,021	32,500,000	31,412	–	27,483,288	182,487,721	–	182,487,721
Profit and total comprehensive income (expenses) for the year	–	–	–	–	–	22,749,213	22,749,213	(40,671)	22,708,542
Acquisition of subsidiaries	–	–	–	–	–	–	–	(95,628)	(95,628)
Recognition of equity-settled share-based payments	–	–	–	266,756	–	–	266,756	–	266,756
Dividend	–	–	–	–	–	(20,000,000)	(20,000,000)	–	(20,000,000)
At 31 March 2012	**10,000,000**	**112,473,021**	**32,500,000**	**298,168**	**–**	**30,232,501**	**185,503,690**	**(136,299)**	**185,367,391**

1. GENERAL

The Company is incorporated in the Cayman Islands as an exempted company with limited liability. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section of the annual report.

Pursuant to a group reorganisation on 22 February 2011 (the "Reorganisation") in preparation for the listing of shares of the Company on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM of the Stock Exchange") and for the purpose of rationalising the Group's structure, the Company became the holding company of the subsidiaries now comprising the Group on 22 February 2011. Details of the Reorganisation are set out in the prospectus of the Company dated on 28 February 2011.

The Company's shares have been listed on the GEM of the Stock Exchange since 8 March 2011.

The Reorganisation involved business combinations of entities under common control before and immediately after the Reorganisation. Consequently, immediately after the Reorganisation, there was a continuation of the risks and benefits to the controlling parties that existed prior to the Reorganisation. The Group is regarded and accounted for as a continuing group resulting from the Reorganisation since all of the entities which took part in the Reorganisation were under common control in a manner similar to pooling of interests. Accordingly, the financial statements have been prepared on a combined basis by applying the principles of merger accounting. The financial statements has been presented as if the current group structure had been in existence throughout the years ended 31 March 2011 or from the respective dates of incorporation of the companies comprising the Group, where there is a shorter period.

The consolidated financial statements are presented in Hong Kong Dollars, 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 broking and trading, placing and underwriting services, wealth management service and securities advisory service.

The parent and ultimate holding company of the Group is Zillion Profit Limited, a private company incorporated in the British Virgin Islands with limited liability.

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

The following new and revised HKFRSs issued by Hong Kong Institute of Certified Public Accountants ("HKICPA") have been applied by the Group in the current year.

Application of new and revised standards and interpretations

In the current year, the Group has applied the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA.

HKAS 1 (Amendments)	Presentation of Financial Statements
HKAS 24 (Revised)	Related Party Disclosures
HKAS 32 (Amendments)	Classification of Rights Issues
HKFRS 1 (Amendments)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010
HK (IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement
HK (IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

The application of these new and revised HKFRSs has had no material impact on the Group's financial performance and positions for the current and prior year.

New and revised HKFRSs issued but not yet effective

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

HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[1]
	Disclosures – Offsetting Financial Assets and Financial Liabilities[4]
HKFRS 9	Financial Instruments[6]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangements[4]
HKFRS 12	Disclosures of Interests in Other Entities[4]
HKFRS 13	Fair Value Measurement[4]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[3]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[2]
HKAS 19 (Amendments)	Employee Benefits[4]
HKAS 27 (as revised in 2011)	Separate Financial Statements[4]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[4]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[5]
HK (IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[4]

1 *Effective for annual periods beginning on or after 1 July 2011.*
2 *Effective for annual periods beginning on or after 1 January 2012.*
3 *Effective for annual periods beginning on or after 1 July 2012.*
4 *Effective for annual periods beginning on or after 1 January 2013.*
5 *Effective for annual periods beginning on or after 1 January 2014.*
6 *Effective for annual periods beginning on or after 1 January 2015.*

HKFRS 7 (Amendments) Disclosures – Transfers of Financial Assets Disclosures – Offsetting Financial Assets and Financial Liabilities Mandatory Effective Date of HKFRS 9 and Transition Disclosures

The amendments to HKFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial assets is transferred but the transferor retains some level of continuing exposure in the assets. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The directors anticipate that the application of the amendments to HKFRS 7 will affect the Group's disclosures regarding transfers of financial assets in the future.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be 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. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting 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.

The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as a fair value through profit and loss, 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 attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that the adoption of HKFRS 9 in the future may have significant 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.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and HK (SIC) – Int 12 Consolidation – Special Purpose Entities. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 Interests in Joint Ventures and HK (SIC) – Int 13 Jointly Controlled Entities – Non-Monetary Contributions by Ventures. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. The application of these five standards may have significant impact on amounts reported in the consolidated financial statements. The application of HKFRS 10 may result in the Group no longer consolidating some of its investees, and consolidating investees that were not previously consolidated. In addition, the application of HKFRS 11 may result in changes in the accounting of the Group's jointly controlled entities that are currently accounted for using proportionate consolidation. Under HKFRS 11, those jointly controlled entities will be classified as a joint operation or joint venture, depending on the rights and obligations of the parties to the joint arrangement. However, the directors have not yet performed a detailed analysis of the impact of the application of these Standards and have not yet quantified the extent if the impact.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurement, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 Financial Instruments: Disclosure will be extended by HKFRS 13 to cover all assets and liabilities with its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new Standard may affect the amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

HKAS 1 (Amendments) Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

HKAS 12 (Amendments) Deferred Tax – Recovery of Underlying Assets

The amendments to HKAS 12 provide an exception to the general principles in HKAS 12 that the measurement of deferred tax assets and deferred tax liabilities should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of an asset. Specifically, under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 Investment Property are presumed to be recovered through sale for the purpose of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The amendments to HKAS 12 are effective for annual periods beginning on or after 1 January 2012. The directors anticipate that the application of the amendments to HKAS 12 in future reporting periods may result in adjustments to the amounts of deferred tax liabilities recognised in prior years regarding the Group's investment properties of which the carrying amounts are presumed to be recovered through sale. However, the directors have not yet performed a detailed analysis of the impact of the application of the amendments and hence have not yet quantified the extent of the impact.

HKAS 19 (as revised in 2011) Employee Benefits

The amendments to HKAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the "corridor approach" permitted under the previous version of HKAS 19. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

The amendments to HKAS 19 are effective for annual periods beginning on or after 1 January 2013 and require retrospective application with certain exceptions. The directors anticipate that the amendments to HKAS 19 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the amendments to HKAS 19 may have impact on amounts reported in respect of the Group's defined benefit plans. However, the directors have not yet performed a detailed analysis of the impact of the application of the amendments and hence have not yet quantified the extent of the impact.

3. SIGNIFICANT ACCOUNTING POLICIES

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 the GEM of the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting polices below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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 special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary 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.

Business combinations

Business combinations that took place on or after 1 January 2010

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively;

- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment transactions with share-based payment transactions of the Group are measured in accordance with HKFRS 2 Share-based Payment at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or another measurement basis required by another Standard.

Where the consideration the Group transfers in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill or gain on bargain purchase. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. Measurement period does not exceed one year from the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

Changes in the value of the previously held equity interest recognised in other comprehensive income and accumulated in equity before the acquisition date are reclassified to profit or loss when the Group obtains control over the acquiree.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Acquisition of businesses was accounted for using the purchase method. The cost of the acquisition was measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that met the relevant conditions for recognition were generally recognised at their fair value at the acquisition date.

Goodwill arising on acquisition was recognised as an asset and initially measured at cost, being the excess of the cost of the acquisition over the Group's interest in the recognised amounts of the identifiable assets, liabilities and contingent liabilities recognised. If, after assessment, the Group's interest in the recognised amounts of the acquiree's identifiable assets, liabilities and contingent liabilities exceeded the cost of the acquisition, the excess was recognised immediately in profit or loss.

The non-controlling interest in the acquiree was initially measured at the minority interest's proportionate share of the recognised amounts of the assets, liabilities and contingent liabilities of the acquiree.

Contingent consideration was recognised, if and only if, the contingent consideration was probable and could be measured reliably. Subsequent adjustments to contingent consideration were recognised against the cost of the acquisition.

Business combinations achieved in stages were accounted for as separate steps. Goodwill was determined at each step. Any additional acquisition did not affect the previously recognised goodwill.

4. TURNOVER

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

	2012	2011
	HK$	*HK$*
Commission and brokerage fees from securities dealing on The Stock Exchange of Hong Kong Limited	**6,427,540**	31,665,322
Commission and brokerage fees on dealing in futures contracts	**883,811**	1,115,820
Commission from wealth management business	**77,832**	–
Commission from securities advisory service	**15,500,000**	–
Placing and underwriting commission	**13,506,990**	50,893,635
Clearing and settlement fee	**588,145**	6,014,597
Handling service and dividend collection fees	**689,071**	345,670
Interest income from		
– authorised financial institutions	**794,317**	254,315
– clients	**12,478,837**	1,302,641
– others	**70**	91
	50,946,613	91,592,091

5. NET OTHER INCOME

	2012	2011
	HK$	*HK$*
Gain (loss) on trading of financial assets at fair value through profit or loss	**557,182**	(962,089)
(Loss) gain on trading in futures contracts	**(2,227)**	235
Dividend income	**8,723**	–
Net change in fair value of financial assets at fair value through profit or loss	**(1,009,059)**	(1,291,015)
Realised gain on disposal of available-for-sale financial assets	**–**	2,945,926
Other income	**981,043**	217,665
	535,662	910,722

6. SEGMENTS INFORMATION

Segment revenues and results

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

			2012		
	Securities and futures broking	**Placing and underwriting**	**Loan and financing**	**Securities advisory service**	**Consolidated**
	HK$	***HK$***	***HK$***	***HK$***	***HK$***
Segment revenue	**10,603,097**	**13,506,990**	**10,542,139**	**15,500,000**	**50,152,226**
Segment results	**2,538,662**	**11,580,978**	**10,490,970**	**13,754,990**	**38,365,600**
Loss from investments					**(445,381)**
Other interest income					**794,387**
Other income					**981,043**
Unallocated other operating expenses					**(12,178,878)**
Finance costs					**(13)**
Profit before taxation					**27,516,758**
Income tax expenses					**(4,808,216)**
Profit for the year					**22,708,542**

	2011				
	Securities and futures broking *HK$*	Placing and underwriting *HK$*	Loan and financing *HK$*	Securities advisory service *HK$*	Consolidated *HK$*
Segment revenue	40,444,050	50,893,635	–	–	91,337,685
Segment results	24,772,360	36,853,140	–	–	61,625,500
Gain from investments					693,057
Other interest income					254,406
Other income					217,665
Unallocated other operating expenses					(18,897,886)
Profit before taxation					43,892,742
Income tax expenses					(7,713,137)
Profit for the year					36,179,605

Revenue reported above represents revenue generated from external customers. There was no inter-segment sale during the year (2011: HK$Nil).

Segment assets and liabilities

	2012				
	Securities and futures broking ***HK$***	**Placing and underwriting** ***HK$***	**Loan and financing** ***HK$***	**Securities advisory service** ***HK$***	**Consolidated** ***HK$***
Assets					
Segment assets	**23,539,222**	**12,800**	**109,120,956**	**10,650,000**	**143,322,978**
Unallocated assets					**63,070,104**
Total assets					**206,393,082**
Liabilities					
Segment liabilities	**18,508,575**	**31,200**	**–**	**754,786**	**19,294,561**
Unallocated liabilities					**1,731,130**
Total liabilities					**21,025,691**

	2011				
	Securities and futures broking *HK$*	Placing and underwriting *HK$*	Loan and financing *HK$*	Securities advisory service *HK$*	Consolidated *HK$*
Assets					
Segment assets	99,739,576	110,836	–	–	99,850,412
Unallocated assets					170,455,430
Total assets					270,305,842
Liabilities					
Segment liabilities	83,488,942	1,532,600	–	–	85,021,542
Unallocated liabilities					2,796,579
Total liabilities					87,818,121

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

- all assets are allocated to reportable segments other than financial assets at fair value through profit or loss, available-for-sale financial assets, bank balances and cash – general accounts and other receivable. Assets used jointly by segments are allocated on the basis of the revenues earned by individual segments; and

- all liabilities are allocated to reportable segments other than other payables and accruals and current and deferred tax liabilities. Liabilities for which segments are jointly liable are allocated in proportion to segment assets.

Information on major customers

A major customer of the Group accounted for approximately 15% (2011: 20%) of the total revenue during the year ended 31 March 2012.

7. PROFIT BEFORE TAXATION

	2012	2011
	HK$	*HK$*
Profit before taxation has been arrived at after charging:		
Staff costs	**6,440,623**	4,886,019
Auditors' remuneration	**428,000**	400,000
Depreciation of plant and equipment	**1,207,372**	956,080
Amortisation of intangible assets	**69,780**	69,780
Loss on disposal of plant and equipment	**–**	13,292
Operating lease payments in respect of rented premises	**5,530,312**	3,061,160
Equity-settled share-based payments	**266,756**	31,412

8. INCOME TAX EXPENSES

	2012	2011
	HK$	*HK$*
Hong Kong Profits Tax		
– current year	**4,924,516**	7,804,168
Deferred tax		
– current year	**(116,300)**	(91,031)
	4,808,216	7,713,137

The tax expenses for the year can be reconciled to the profit before taxation per the consolidated statement of comprehensive income as follows:

	2012	2011
	HK$	*HK$*
Profit before taxation	**27,516,758**	43,892,742
Tax at the domestic income tax rate of 16.5% (2011: 16.5%)	**4,540,265**	7,242,303
Tax effect of expenses not deductible for tax purpose	**–**	949,113
Tax effect of income not taxable for tax purpose	**(230,785)**	(528,040)
Tax effect of temporary difference not recognised	**498,736**	49,761
Tax expenses for the year	**4,808,216**	7,713,137

9. DIVIDEND

Dividends for the year ended 31 March 2011 were declared by the Company's subsidiary, namely Cheong Lee Securities Limited ("Cheong Lee") to its then shareholders prior to the Reorganisation. The rates of dividend and the number of shares ranking for dividends are not presented as such information is not meaningful.

	2012	2011
	HK$	*HK$*
2012 Interim paid – HK$nil per share (2011: HK$90 per share)	**–**	36,000,000
2011 Final paid – HK$0.02 per share (2010: HK$Nil per share)	**20,000,000**	–
	20,000,000	36,000,000

The Board of Directors proposed a final dividend of HK$0.02 per ordinary share for the year ended 31 March 2012 (2011: HK$0.02). This proposed final dividend is not reflected as a dividend payable as of 31 March 2012, but will be recorded as a distribution of retained earning for the year ending 31 March 2013.

10. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the Company and the weighted average number of the Company's ordinary shares in issue during the year.

	2012	2011
	HK$	*HK$*
Profit for the year attributable to owners of the Company	**22,749,213**	36,179,605

	2012	2011
Weighted average number of ordinary shares in issue during the year	**1,000,000,000**	766,438,357
Effect of dilutive potential ordinary shares:		
Share options issued by the Company	**–**	727,660
Weighted average number of ordinary shares and dilutive potential ordinary shares in issue during the year	**1,000,000,000**	767,166,017

The calculation of basic earnings per share was based on the Group's profit attributable to the owners of the Company of approximately HK$22,749,213 (2011: HK$36,179,605) and the weighted average number of ordinary shares of 1,000,000,000 (2011: 766,438,357) during the year.

The weighted average number of 750,000,000 ordinary shares used to calculate the basic earnings per share for the year ended 31 March 2011, as if the shares are in issue since 1 April 2009, comprising:

i. 1 ordinary shares of the Company allotted and issued at HK$0.01 paid on 27 August 2010;

ii. 749,999,999 ordinary shares of the Company issued as consideration for the acquisition of subsidiaries pursuant to the Reorganisation.

The calculation of diluted earnings per share for the year ended 31 March 2012 does not assume the conversion of share option since their exercise would result in an increase in earnings per share. Therefore, the basic and diluted earnings per share is the same.

The weighted average number of shares used to calculate basis earnings pre share for the year ended 31 March 2011 includes the weight average of 16,438,357 shares after the listing of the Company's shares of the GEM of the Stock Exchange on 8 March 2011.

The calculation of diluted earnings per share for the year ended 31 March 2011 is based on the profit attributable to the owners of the Company of HK$36,179,605 and the weighted average number of ordinary shares of 767,166,017 outstanding during the year calculated based on the weighted average of 766,438,357 ordinary shares in issue during the year as used in the calculation of basic earnings per share plus the weighted average of 727,660 ordinary shares as if all the Company's pre-IPO share options had been exercised.

11. TRADE RECEIVABLES

	2012	2011
	HK$	*HK$*
Trade receivables from the business of dealing in futures contracts:		
Clearing houses	**24,400**	323,367
Trade receivables from the business of dealing in securities:		
Cash clients	**713,470**	14,143,861
Margin clients	**90,946,641**	–
Clearing houses	**1,423,559**	3,513,560
Commission receivables from wealth management business	**55,056**	–
Trade receivables from securities advisory service	**10,650,000**	–
Trade receivables from placing and underwriting	**–**	110,836
	103,813,126	18,091,624

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

Listed securities of clients are held as collateral against secured margin loans and term loans. The fair value of the listed securities at 31 March 2012 held as collateral was HK$220,962,498 (2011: HK$nil).

The aging analysis of the trade receivables are as follows:

	2012	2011
	HK$	*HK$*
Margin clients balances:		
No due date	**90,946,641**	–
Other balances:		
Less than 1 month past due	**12,300,950**	13,446,980
1 to 3 months past due	**53,035**	4,125,351
Over 3 months but less than 1 year past due	**175,850**	510,878
Over 1 year past due	**336,650**	8,415
	12,866,485	18,091,624
	103,813,126	18,091,624

The Directors consider that the carrying amounts of trade receivables approximate their fair values at the end of the reporting period, no impairment need to be made.

12. LOAN RECEIVABLES

	2012	2011
	HK$	*HK$*
Loan receivables	**13,000,000**	–
Loan interest receivable	**23,226**	–
	13,023,226	–

Certain loan receivables are secured by properties. All the loans bear interest at market interest rate and repayable within one year. The fair values of the Group's loan receivables at the end of 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 loan receivables are approximate to the corresponding carrying amounts of the loan receivables.

The loan receivables have been reviewed by the directors to assess impairment which are based on the evaluation of collectability, aging analysis of accounts and on their judgement, including the current creditworthiness and the past collection statistics. The directors considered that no impairment is required to be provided for the year.

All loan receivables are not yet due at the end of reporting period.

13. TRADE PAYABLES

	2012	2011
	HK$	*HK$*
Trade payables from the business of dealing in futures contracts:		
Margin clients	**257,062**	5,744,122
Trade payables from the business of dealing in securities:		
Margin clients	**178,321**	–
Cash clients	**17,474,580**	75,245,813
	17,909,963	80,989,935

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 attributable to dealing in securities and futures transaction is an amount of HK$17,489,491 (2011: HK$77,939,538) representing these clients' undrawn monies/excess deposits placed with the Company. The balances are repayable on demand.

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

14. SHARE CAPITAL

The Company

	Notes	**Number of shares**	*HK$*
Authorised:			
Upon incorporation	*(i)*	39,000,000	390,000
Increase in authorised ordinary shares	*(ii)*	4,961,000,000	49,610,000
As at 31 March 2011 and 2012, ordinary shares of HK$0.01 each		**5,000,000,000**	**50,000,000**

	Notes	Number of shares	HK$
Issued and fully paid:			
Upon incorporation	*(i)*	1	0.01
Issue of shares upon Reorganisation	*(iii)*	749,999,999	7,499,999.99
Increase in shares upon listing	*(iv)*	250,000,000	2,500,000.00
As at 31 March 2011 and 2012, ordinary shares of HK$0.01 each		**1,000,000,000**	**10,000,000.00**

Note:

(i) On 27 August 2010, the Company was incorporated in Cayman Islands with an authorised share capital of HK$390,000 divided into 39,000,000 ordinary shares of HK$0.1 each. 1 ordinary share was issued and paid up by Ms. Au Suet Ming Clarea ("Ms. Au").

(ii) Pursuant to the written resolutions of all the shareholders of the Company passed on 22 February 2011, the authorised share capital of the Company was increased from HK$390,000 divided into 39,000,000 shares to HK$50,000,000 divided into 5,000,000,000 shares by the creation of an additional 4,961,000,000 shares.

(iii) Pursuant to the agreement for sale and purchase of the entire issued share capital of Cheong Lee on 22 February 2011, the Company acquired 400,000 ordinary shares of HK$100 each in Cheong Lee, being its entire issued share capital, from Ms. Au. In consideration thereof, an aggregate of 749,999,999 new ordinary shares of HK$0.01 each of the Company, credited as fully paid, were evenly allotted and issued to Zillion Profit Limited which is wholly owned by Ms. Au.

(iv) On 8 March 2011, the Company's shares have been listed on the GEM of the Stock Exchange and 250,000,000 ordinary shares of HK$0.01 each were issued at HK$0.485 each.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

During the reporting period, the financial service sector was very competitive. The global economic and financial environment was volatile.

The massive earthquake and nuclear crisis emerged that hit Japan in mid-March 2011 had affected the global economy. In addition, the market sentiment became more adversely affected by concerns over the monetary tightening policy in China as well as the European sovereign debt crisis and recession of the US economy.

As at 30 March 2012, the Hang Seng Index recorded as 20,556 representing approximately 12.6% decrease as compared with 23,528 as at 31 March 2011.

The total value of transaction of the Hong Kong stock market for the year ended 31 March 2012 decreased by approximately 8.9% as compared with the year ended 31 March 2011. The average daily value of transaction was approximately HK$66.3 billion.

BUSINESS REVIEW

Turnover

The Group's turnover for the year was approximately HK$50.9 million, as compared with 2011 of approximately HK$91.6 million, decreased by approximately 44.4% or approximately HK$40.6 million. The breakdown of turnover by business activities of the Group is set out below:

	Year ended 31 March				**Increase/**
	2012		2011		**(decrease)**
	HK$	*%*	*HK$*	*%*	*%*
Commission and brokerage fee from securities dealings	**6,427,540**	**12.6%**	31,665,322	34.6%	(79.7%)
Commission and brokerage fee from dealing in futures contracts	**883,811**	**1.7%**	1,115,820	1.2%	(20.8%)
Commission from wealth management business	**77,832**	**0.1%**	–	–	n/a
Commission from securities advisory services	**15,500,000**	**30.4%**	–	–	n/a
Placing and underwriting commission	**13,506,990**	**26.5%**	50,893,635	55.6%	(73.5%)
Clearing and settlement fee	**588,145**	**1.2%**	6,014,597	6.5%	(90.2%)
Handling service and dividend collection fees	**689,071**	**1.4%**	345,670	0.4%	99.3%
Interest income					
from authorised financial institutions	**794,317**	**1.6%**	254,315	0.3%	212.3%
from clients	**12,478,837**	**24.5%**	1,302,641	1.4%	858.0%
from others	**70**	**0.0%**	91	0.0%	(23.1%)
	50,946,613	**100.00%**	91,592,091	100.00%	

Securities and Futures Brokerage

The commission and brokerage fee from securities dealings decreased by approximately 79.7% from approximately HK$31.7 million for the year ended 31 March 2011 to approximately HK$6.4 million for the year ended 31 March 2012. The total value of transaction decreased by approximately 91.4% from approximately HK$291,859.2 million for the year ended 31 March 2011 to approximately HK$25,147.3 million for the year ended 31 March 2012.

The total value of transactions for securities dealings carried out by the Group for the year ended 31 March 2012 decreased as compared with 2011. As a result, income relating to clearing and settlement fee also decreased by approximately 90.2% from approximately HK$6.0 million for the year ended 31 March 2011 to approximately HK$0.6 million for the year ended 31 March 2012.

The commission and brokerage fee from dealing in futures contracts decreased by approximately 20.8% from approximately HK$1.1 million for the year ended 31 March 2011 to approximately HK$0.9 million for the year ended 31 March 2012.

In May 2011, a joint venture, namely Capital Global (BVI) Limited ("Capital Global"), has been set up for the purpose of engaging in the wealth management business. The joint venture was incorporated in British Virgin Islands; and the Group initially holds 41.0% of the shareholding interest. In November 2011, the shareholding interest increased to 91.0%. Revenue generated from Capital Global for the for the year ended 31 March 2012 was HK$77,832.

Loan and Financing

The Group has commenced its margin financing business since April 2011. During the reporting period, CLC Finance Limited, a wholly owned subsidiary incorporated in Hong Kong, has been set up for the purpose of engaging in the money lending business. Revenue form loan and financing represent interest income from margin financing, IPO financing and loans and advances to customers.

The interest income for the year ended 31 March 2012 was approximately HK$10.5 million.

Securities Advisory Services

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 this regulated activities.

During the year ended 31 March 2012, Cheong Lee Securities Limited, the Company's wholly-owned subsidiary, provides securities advisory services to customers.

Commission income from securities advisory services for the year ended 31 March 2012 was approximately HK$15.5 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 2012, the placing and underwriting commission decreased by approximately 73.5% from approximately HK$50.9 million for the year ended 31 March 2011 to approximately HK$13.5 million for the year ended 31 March 2012 due to decrease in fund raising activities in Hong Kong.

Administrative Expenses

During the year ended 31 March 2012, the administrative expenses decreased by approximately 50.7% from approximately HK$48.6 million for the year ended 31 March 2011 to approximately HK$24.0 million for the year ended 31 March 2012. This was mainly because the Group recognised one-off IPO expenses of approximately HK$8.1 million for the year ended 31 March 2011.

Moreover, the commission paid decreased by approximately 83.3% from approximately HK$9.0 million for the year ended 31 March 2011 to approximately HK$1.5 million for the year ended 31 March 2012. The commission paid includes commission paid to account executives based on their performance of services rendered. Commission paid also includes commission rebate to third parties for referrals of placing and underwriting business.

Staff cost excluding the effects of fair value provision for pre-IPO share options increased by approximately 35.8% from approximately HK$5.3 million for the year ended 31 March 2011 to approximately HK$7.2 million for the year ended 31 March 2012.

Liquidity, Financial Resources and Capital Structure

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

The Group maintained a strong financial position, with pledged bank deposit and bank balance and cash in general accounts amounting to approximately HK$53.0 million as at 31 March 2012. This represented an decrease of approximately 67.1% as compared with the position as at 31 March 2011 of approximately HK$161.2 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$178.9 million as at 31 March 2011 to approximately HK$181.1 million as at 31 March 2012 which represents an increase of approximately 1.2%. The current ratio of the Group as at 31 March 2012 was approximately 9.7 times (2011: approximately 3.04 times).

The Group had no secured loans (2011: Nil).

As at 31 March 2012, the Group's gearing ratio represented by the total liabilities as a percentage of the Group's total assets amount to approximately 10.2% (2011: approximately 32.5%).

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 2012, a bank fixed deposit amounted of HK$5,000,000 have been pledged to secure the overdraft facilities amounting to HK$10.0 million (2011: HK$10.0 million) granted to Cheong Lee.

Contingent liabilities

As at 31 March 2012, the Group had no material contingent liabilities.

Capital commitments

As at 31 March 2012, the Group had no significant capital commitments.

Staff and remuneration policies

As at 31 March 2012, the Group had 25 (2011: 20) employees, including Directors. Total staff costs (including directors' emoluments) were approximately HK$6.4 million for the year ended 31 March 2012 as compared to approximately HK$4.9 million for the year ended 31 March 2011.

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, pre-IPO share options and options that may be granted under the share option scheme.

Future plans for material investments or capital assets

The Group had no plans for material investments or acquisition of capital assets as at 31 March 2012, 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 2012 and up to the date of this announcement, the Group did not hold any significant investment.

Significant Investment

During the year under review 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.

OUTLOOK

Amidst uncertain market conditions arising from unresolved debt crisis in Europe, the risk of further economic deceleration in Europe and the US and continued monetary measures in the PRC, the Board believes that the Group's businesses will sustain well despite the unstable economic conditions. The Group will continue to grow its brokerage business and wealth management business, by broadening client base and by strengthening its trading platform. The Group will continue to put efforts on expanding the margin finance business and securities advisory services and on satisfying the needs of clients.

The Group aims to become a leading financial service group in Hong Kong. The Group will actively review future business opportunities to develop into various financial services in Hong Kong in anticipating to bring in new sources of income and to further increase the profitability of the Group.

INTERESTS OF THE COMPLIANCE ADVISER

As notified by VC Capital Limited ("VC Capital"), the compliance adviser of the Company, neither VC Capital nor its directors or employees or associates had any interests in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) as at 31 March 2012.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

For the year ended 31 March 2012, the Directors are not aware of any business or interest of the Directors, the controlling shareholder(s) of the Company and their respective 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 2012. 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 2012, 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 2012.

FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

Directors proposed to declare a final dividend of HK2.0 cents per share for the year ended 31 March 2012, which is subject to approval by shareholders of the Company at the forthcoming annual general meeting (the "AGM").

The Annual General Meeting of the Company is scheduled to be held on Tuesday, 31 July 2012. The proposed final dividend is subject to the passing of an ordinary resolution by the shareholders at the Annual General Meeting. The record date for entitlement to the proposed final dividend is Monday, 6 August 2012. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed on Monday, 6 August 2012, 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 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Friday, 3 August 2012.

The payment of final dividend is expected to be made on Monday, 13 August 2012.

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 Ms. Choy Wing Man, Mr. Au-Yeung Tai Hong Rorce and Mr. Chiu Wai Keung. The audited consolidated results of the Group for the year ended 31 March 2012 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.

POSSIBLE LISTING TRANSFER

The Board is of the preliminary view that the Company meets the profit requirements to transfer its listing from GEM to the Main Board of the Stock Exchange (the "Listing Transfer") under Rule 8.05(1) of the Rules Governing the Listing of Securities on the Stock Exchange. The Board will explore the possibility of the Listing Transfer. The Board is also reviewing whether the Company is able to meet all the other requirements for the Listing Transfer and the costs and benefits of such Listing Transfer and whether the Listing Transfer is in the interest of the Company and the shareholders of the Company as a whole. **Shareholders and the investing public should take note that there is no certainty that application for the Listing Transfer will eventually be made and even if the application is made, there is no certainty that the Stock Exchange will grant the approval of the Listing Transfer. Shareholders and the investing public should therefore exercise caution when dealing in the shares of the Company.**

The Company will make announcement as soon as practicable when there is any material development regarding the Listing Transfer.

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

Hong Kong, 18 June 2012

As at the date of this announcement, the Company's executive directors are Mr. Alexis Ventouras, Mr. Kwok Kin Chung, Mr. Lau Kin Hon and Ms. Yu Linda, and the Company's independent non-executive directors are Mr. Au-Yeung Tai Hong Rorce, Ms. Choy Wing Man 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.