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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 2016

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 turnover and investment income for the year ended 31 March 2016 was approximately HK\$60.3 million (2015: approximately HK\$59.5 million), representing an increase of approximately 1.5% from that of the year ended 31 March 2015.
- The Group's profit before tax for the year ended 31 March 2016 amounted to approximately HK\$26.8 million (2015: approximately HK\$27.6 million).
- The Group's profit attributable to the owners of the Company amounted to approximately HK\$21.1 million for the year ended 31 March 2016 (2015: approximately HK\$22.7 million).
- Basic and diluted earnings per share for the year ended 31 March 2016 were approximately HK1.92 cents (2015: Basis earnings per share of approximately HK2.06 cents) and approximately HK1.91 cents (2015: Diluted earnings per share of approximately HK2.06 cents) respectively.
- The Board proposed a final dividend of HK2.0 cents per share for the financial year ended 31 March 2016 (2015: 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 2016 (the “Financial Year”) together with comparative figures for the year ended 31 March 2015, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2016

	<i>Notes</i>	2016 HK\$	2015 HK\$
Turnover	4	65,373,146	50,573,547
Net gain on trading of financial assets at fair value through profit or loss		621,354	3,066,816
Net change in fair value of financial assets at fair value through profit or loss		(5,651,708)	5,820,384
Net other income, gains and losses	5	(7,161,432)	(1,519,206)
Administrative expenses		(26,056,841)	(30,315,176)
Finance costs	7	(334,540)	(29,632)
Profit before tax	8	26,789,979	27,596,733
Income tax expenses	9	(5,650,735)	(4,971,853)
Profit and total comprehensive income for the year		<u>21,139,244</u>	<u>22,624,880</u>
Profit and total comprehensive income attributable to:			
Owners of the Company		21,090,715	22,675,357
Non-controlling interests		48,529	(50,477)
		<u>21,139,244</u>	<u>22,624,880</u>
Earnings per share			
– Basic	11	<u>1.92 cents</u>	<u>2.06 cents</u>
– Diluted	11	<u>1.91 cents</u>	<u>2.06 cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2016

		2016	2015
	Notes	HK\$	HK\$
Non-current assets			
Plant and equipment		501,940	1,784,164
Intangible assets		22,769,105	25,532,129
Other assets		1,775,986	1,730,797
Rental and utility deposits		648,945	—
Loans receivables	13	40,364	—
Deferred tax assets		661,057	32,271
		<u>26,397,397</u>	<u>29,079,361</u>
Current assets			
Trade receivables	12	101,661,189	89,221,974
Loans receivables	13	87,522,834	55,725,529
Other receivables, deposits and prepayments		1,679,059	6,292,401
Financial assets at fair value through profit or loss		12,767,413	19,351,707
Held-to-maturity investments		10,000,000	—
Tax refundable		106,232	—
Pledged bank deposit		10,000,000	10,000,000
Bank balances and cash – trust accounts		49,163,334	56,797,018
Bank balances and cash – general accounts		1,229,275	32,191,898
		<u>274,129,336</u>	<u>269,580,527</u>

	<i>Notes</i>	2016 <i>HK\$</i>	2015 <i>HK\$</i>
Current liabilities			
Trade payables	14	50,028,413	62,833,349
Other payables and accruals		2,165,390	1,808,409
Bank borrowings	15	15,230,411	—
Income tax payables		1,491,661	1,594,552
		68,915,875	66,236,310
Net current assets		205,213,461	203,344,217
Total assets less current liabilities		231,610,858	232,423,578
Non-current liability			
Deferred tax liabilities		48,036	—
		48,036	—
Net assets		231,562,822	232,423,578
Capital and reserves			
Share capital	16	11,000,000	11,000,000
Reserves		220,679,424	221,588,709
Equity attributable to owners of the Company		231,679,424	232,588,709
Non-controlling interest		(116,602)	(165,131)
Total equity		231,562,822	232,423,578

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2016

	Share capital <i>HK\$</i>	Share premium <i>HK\$</i>	Merger reserve <i>HK\$</i>	Share options reserve <i>HK\$</i>	Retained profits <i>HK\$</i>	Attributable to owners of the Company <i>HK\$</i>	Non- controlling interests <i>HK\$</i>	Total <i>HK\$</i>
At 1 April 2014	11,000,000	141,963,232	32,500,000	–	38,175,120	223,638,352	(114,654)	223,523,698
Profit and total comprehensive income for the year	–	–	–	–	22,675,357	22,675,357	(50,477)	22,624,880
Recognition of equity-settled share-based payments	–	–	–	8,275,000	–	8,275,000	–	8,275,000
Dividend	–	–	–	–	(22,000,000)	(22,000,000)	–	(22,000,000)
At 31 March 2015 and 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	<u>11,000,000</u>	<u>141,963,232</u>	<u>32,500,000</u>	<u>8,275,000</u>	<u>37,941,192</u>	<u>231,679,424</u>	<u>(116,602)</u>	<u>231,562,822</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

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 addresses of the registered office is disclosed in the corporate information section of the annual report and its principal place of business has changed from Room 1106, 11th Floor, MassMutual Tower, 38 Gloucester Road, Wanchai, Hong Kong to Office No. 16B, 16/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong on 24 March 2016.

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 broking 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

The following amendments to HKFRSs issued by Hong Kong Institute of Certified Public Accountants (“HKICPA”) have been applied by the Group for the first time in the current year.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions

The application of the above amendments to HKFRSs in the current year has had no material effect on the consolidated financial statements of the Group for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

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 in the consolidated financial statements:

Amendments to HKFRSs HKFRS 9 (2014)	Annual Improvements to HKFRSs 2012-2014 Cycle ¹ Financial Instruments ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investment Entities: Applying the Consolidation Exception ¹
Amendments to HKFRS 11 HKFRS 15	Accounting for Acquisitions of Interests in Joint Operations ¹ Revenue from Contracts with Customers ²
HKFRS 16	Leases ³
Amendments to HKAS 1	Disclosure Initiative ¹
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ¹
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ¹
Amendments to HKAS 27	Equity Method in Separate Financial Statements ¹

¹ Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted

² Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted

³ Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted

⁴ Effective date yet to be determined

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 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 and revised standards and amendments will have no material impact on the consolidated financial statements.

New Hong Kong Companies Ordinance (Cap. 622)

In addition, as the requirements of Part 9 “Accounts and Audit” of the new Hong Kong Companies Ordinance (Cap. 622) have come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in 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 in the Listing of Securities on GEM of the Stock Exchange of Hong Kong Limited (the “Listing Rules”) and by the Hong Kong Companies Ordinance (“CO”).

The provision of the new Hong Kong Companies Ordinance (Cap. 622) regarding preparation of accounts and directors’ report and audits became effective for the Company for the financial year ended 31 March 2016. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new CO and to streamline with HKFRSs. Accordingly, the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 March 2016 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 March 2015 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

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.

4. TURNOVER

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

	2016 <i>HK\$</i>	2015 <i>HK\$</i>
Commission and brokerage fees from securities dealing on the Stock Exchange	8,261,991	7,760,680
Placing and underwriting commission	14,710,587	8,658,621
Commission and brokerage fees from dealing in futures contracts	183,797	51,934
Commission from securities advisory services	600,000	1,000,000
Other service income	24,869	29,695
Clearing and settlement fees	3,898,352	2,447,805
Handling service and dividend collection fees	783,909	2,518,423
Interest income from		
– clients (including margin clients)	31,441,127	26,534,871
– authorised financial institutions	157,410	186,004
– others	2,421,929	340,822
Income derived from income right and film right	2,889,175	1,044,692
	<u>65,373,146</u>	<u>50,573,547</u>

See Note 6 for an analysis of revenue by major services.

5. NET OTHER INCOME, GAINS AND LOSSES

	2016 <i>HK\$</i>	2015 <i>HK\$</i>
Gain on disposal of plant and equipment	–	1,913
Written off of plant and equipment	(446,032)	–
Net exchange loss	(21,230)	(2,526)
Impairment loss on trade receivables	–	(455,903)
Impairment loss on loans receivables	(6,423,647)	–
Recovery of (impairment loss on) other receivables	800,000	(800,000)
Impairment loss on intangible assets	(1,146,600)	(317,625)
Sundry income	76,077	54,935
	<u>(7,161,432)</u>	<u>(1,519,206)</u>

6. SEGMENTS INFORMATION

Segment revenues and results

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

	2016					
	Securities, futures and options broking and trading HK\$	Placing and underwriting HK\$	Loan financing HK\$	Securities advisory service HK\$	Investment holding HK\$	Consolidated HK\$
Segment revenues	<u>34,598,264</u>	<u>14,710,587</u>	<u>10,120,989</u>	<u>600,000</u>	<u>5,343,306</u>	<u>65,373,146</u>
Segment results	<u>21,744,235</u>	<u>13,639,251</u>	<u>8,348,004</u>	<u>358,608</u>	<u>(1,754,290)</u>	<u>42,335,808</u>
Net other income, gains and losses						(7,161,432)
Unallocated other operating expenses						(8,049,857)
Finance costs						<u>(334,540)</u>
Profit before tax						<u>26,789,979</u>
Income tax expenses						<u>(5,650,735)</u>
Profit for the year						<u><u>21,139,244</u></u>
	2015					
	Securities, futures and options broking and trading HK\$	Placing and underwriting HK\$	Loan financing HK\$	Securities advisory service HK\$	Investment holding HK\$	Consolidated HK\$
Segment revenues	<u>26,359,444</u>	<u>8,658,621</u>	<u>13,106,941</u>	<u>1,000,000</u>	<u>1,448,541</u>	<u>50,573,547</u>
Segment results	<u>18,712,086</u>	<u>5,984,372</u>	<u>9,892,688</u>	<u>746,229</u>	<u>7,717,521</u>	<u>43,052,896</u>
Net other income, gains and losses						(1,519,206)
Share-based payments						(8,275,000)
Unallocated other operating expenses						(5,632,325)
Finance costs						<u>(29,632)</u>
Profit before tax						<u>27,596,733</u>
Income tax expenses						<u>(4,971,853)</u>
Profit for the year						<u><u>22,624,880</u></u>

Revenues reported above represents turnover generated from external customers. There was no inter-segment transactions during the year (2015: HK\$nil).

Segment assets and liabilities

2016						
	Securities, futures and options broking and trading <i>HK\$</i>	Placing and underwriting <i>HK\$</i>	Loan financing <i>HK\$</i>	Securities advisory service <i>HK\$</i>	Investment holding <i>HK\$</i>	Consolidated <i>HK\$</i>
Assets						
Segment assets	158,672,804	–	83,656,718	–	46,406,145	288,735,667
Unallocated assets						<u>11,791,066</u>
Total assets						<u><u>300,526,733</u></u>
Liabilities						
Segment liabilities	51,814,464	–	319,345	–	355,316	52,489,125
Unallocated liabilities						<u>16,474,786</u>
Total liabilities						<u><u>68,963,911</u></u>
2015						
	Securities, futures and options broking and trading <i>HK\$</i>	Placing and underwriting <i>HK\$</i>	Loan financing <i>HK\$</i>	Securities advisory service <i>HK\$</i>	Investment holding <i>HK\$</i>	Consolidated <i>HK\$</i>
Assets						
Segment assets	171,731,197	–	34,001,935	1,000,000	49,088,295	255,821,427
Unallocated assets						<u>42,838,461</u>
Total assets						<u><u>298,659,888</u></u>
Liabilities						
Segment liabilities	66,202,310	–	34,000	–	–	66,236,310
Unallocated liabilities						<u>–</u>
Total liabilities						<u><u>66,236,310</u></u>

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 turnover from external customers by location of operations and information about its non-current assets by location of assets are detailed as below:

	Turnover from external customers		Non-current assets*	
	2016	2015	2016	2015
	HK\$	HK\$	HK\$	HK\$
Hong Kong	62,949,966	49,532,169	2,810,726	5,614,211
The PRC	2,423,180	1,041,378	22,236,305	23,432,879
	<u>65,373,146</u>	<u>50,573,547</u>	<u>25,047,031</u>	<u>29,047,090</u>

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

Information on major customers

One major customer of the Group accounted for approximately 19% (2015: 9%) of the total revenue during the year ended 31 March 2016. No other single customer contributed 10% or more to the Group’s turnover for both years.

7. FINANCE COSTS

	2016	2015
	HK\$	HK\$
Interest on bank borrowings wholly repayable within one year	312,621	29,632
Interest on shareholder loan wholly repayable on demand	<u>21,919</u>	<u>–</u>
	<u>334,540</u>	<u>29,632</u>

8. PROFIT BEFORE TAX

	2016 HK\$	2015 HK\$
Profit before tax has been arrived at after charging (crediting):		
Staff costs (including Directors' emoluments)	6,076,118	6,599,278
Auditor's remuneration	530,000	480,000
Depreciation of plant and equipment	1,058,883	796,789
Amortisation of intangible assets	1,616,424	981,946
Net gain on trading of financial assets at fair value through profit or loss	(621,354)	(3,066,816)
Net change in fair value of financial assets at fair value through profit or loss	5,651,708	(5,820,384)
Impairment loss on trade receivables	–	455,903
Impairment loss on loans receivables	6,423,647	–
(Recovery of) impairment loss on other receivables	(800,000)	800,000
Impairment loss on intangible assets	1,146,600	317,625
Gain on disposal of plant and equipment	–	(1,913)
Written off of plant and equipment	446,032	–
Operating lease payments in respect of rented premises	2,823,482	3,545,930
Equity-settled share-based payments	–	8,275,000
	<u>5,650,735</u>	<u>4,971,853</u>

9. INCOME TAX EXPENSES

	2016 HK\$	2015 HK\$
Hong Kong Profits Tax		
– current year	5,622,548	5,024,140
– under/(over)-provision in prior year	608,937	(30,002)
Deferred tax		
– current year	(1,566,266)	(22,285)
– under-provision in prior year	985,516	–
	<u>5,650,735</u>	<u>4,971,853</u>

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 statement of profit or loss and other comprehensive income as follows:

	2016 HK\$	2015 HK\$
Profit before tax	<u>26,789,979</u>	<u>27,596,733</u>
Tax at the domestic income tax rate of 16.5% (2015: 16.5%)	4,420,346	4,553,460
Tax effect of expenses not deductible for tax purpose	270,277	25,152
Tax effect of income not taxable for tax purpose	(545,430)	(1,016,990)
Tax effect of temporary difference not recognised	3,645	3,556
Tax effect of tax loss not recognised	58	1,436,677
Utilisation of tax losses previously not recognised	(92,614)	–
Under/(over)-provision in prior year	<u>1,594,453</u>	<u>(30,002)</u>
Tax expenses for the year	<u>5,650,735</u>	<u>4,971,853</u>

At 31 March 2016, the Group had unused estimated tax losses of HK\$1,478,466 (2015: HK\$2,039,767) available for offset against future profit. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams. The estimated tax losses may be carried forward indefinitely.

10. DIVIDEND

	2016 HK\$	2015 HK\$
2015 Final dividend paid – HK2.0 cents per share (2014 Final dividend paid – HK2.0 cents per share)	<u>22,000,000</u>	<u>22,000,000</u>

The Board proposed a final dividend of HK2.0 cents per ordinary share for the year ended 31 March 2016 (2015: HK2.0 cents). This proposed final dividend is not reflected as a dividend payable as of 31 March 2016, but will be recorded as a distribution of retained profits for the year ended 31 March 2017.

11. EARNINGS PER SHARE

	2016 HK\$	2015 HK\$
Profit for the year attributable to owners of the Company	<u>21,090,715</u>	<u>22,675,357</u>
	2016	2015
Weighted average number of ordinary shares in issue during the year	1,100,000,000	1,100,000,000
Effect of dilutive potential ordinary shares: Share options of the Company	<u>4,797,386</u>	<u>—</u>
Weighted average number of dilutive potential ordinary shares during the year	<u>1,104,797,386</u>	<u>1,100,000,000</u>

The calculation of basic earnings per share is based on the Group's profit attributable to the owners of the Company of HK\$21,090,715 (2015: HK\$22,675,357) and the number of ordinary shares of 1,100,000,000 (2015: 1,100,000,000) during the year.

Diluted earnings per share is calculated by the adjusted weighted average 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 2016 is based on the profit for the year attributable to owners of the Company of HK\$21,090,715 (2015: HK\$22,675,357) and weighted average number of 1,104,797,386 (2015: 1,100,000,000) dilutive potential ordinary shares.

12. TRADE RECEIVABLES

	2016 HK\$	2015 HK\$
Trade receivables from the business of dealing in securities:		
– Cash clients	573,501	256,700
– Margin clients	98,186,750	83,383,243
– Clearing houses and brokers	2,571,013	4,374,444
Trade receivables from the business of dealing in futures contracts:		
– Clearing houses	131,003	6
Trade receivables from securities advisory service	—	1,000,000
Income receivables from the income right	<u>198,922</u>	<u>207,581</u>
	<u>101,661,189</u>	<u>89,221,974</u>

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. The aggregate fair value of the listed securities at 31 March 2016 held as collateral was HK\$188,890,050 (2015: HK\$226,910,420).

The aging analysis of the trade receivables are as follows:

	2016 HK\$	2015 HK\$
Margin clients balances:		
No due date	98,100,189	83,296,682
Past due but not impaired	86,561	86,561
	98,186,750	83,383,243
Cash clients balances:		
No due date	573,501	119,612
Past due but not impaired	—	—
	573,501	119,612
Other balances:		
Not yet due (within 30 days)	2,900,938	4,719,113
Past due but not impaired	—	1,000,006
	2,900,938	5,719,119
	101,661,189	89,221,974

Provision of impairment loss on trade receivables:

	2016 HK\$	2015 HK\$
Balance at beginning of the year	2,799,690	2,343,787
Impairment loss for the year	—	455,903
Balance at the end of the year	2,799,690	2,799,690

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

	2016 HK\$	2015 HK\$
Margin clients balances:		
Past due but not impaired	86,561	86,561
Other balances:		
Less than 1 month past due but not impaired	—	1,000,006
	<u>86,561</u>	<u>1,086,567</u>

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\$2,799,690 (2015: HK\$2,799,690) allowance for impairment was necessary as at 31 March 2016.

13. LOANS RECEIVABLES

	2016 HK\$	2015 HK\$
Loans advanced and loan interest receivables	<u>87,563,198</u>	<u>55,725,529</u>
Analysed as:		
Current	87,522,834	55,725,529
Non-current	<u>40,364</u>	—
	<u>87,563,198</u>	<u>55,725,529</u>

As at 31 March 2016, secured loans with the aggregate amount of HK\$52,496,738 (2015: HK\$48,553,941) 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 receivables amounting to HK\$29,877,736 (2015: HK\$944,829) 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. (2015: 15%–40% 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 2016 held as collateral was HK\$89,320,536 (2015: HK\$65,410,413).

As at 31 March 2016, included in the loans receivables were balance of HK\$5,188,922 (2015: HK\$7,451,381) which has been past due but not impaired. Partial repayment was made by the borrowers subsequent to the end of the reporting period.

Provision of impairment loss on loans receivables:

	2016 HK\$	2015 HK\$
Balance at beginning of the year	—	—
Impairment loss for the year	6,423,647	—
Balance at the end of the year	<u>6,423,647</u>	<u>—</u>

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 HK\$6,423,647 (2015: HK\$nil) allowance for impairment was necessary as at 31 March 2016.

14. TRADE PAYABLES

	2016 HK\$	2015 HK\$
Trade payables from the business of dealing in securities:		
– Cash clients	31,216,946	34,476,643
– Margin clients	16,381,345	27,290,961
Trade payables from the business of dealing in futures contracts:		
– Margin clients	<u>2,430,122</u>	<u>1,065,745</u>
	<u>50,028,413</u>	<u>62,833,349</u>

The settlement terms of trade payables arising from the business of dealing in securities are two days after the trade date, and trade payables arising from the business of dealing in futures contracts are one day after the 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\$49,163,334 (2015: HK\$56,797,018) 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. BANK BORROWINGS

	2016 HK\$	2015 HK\$
Bank overdraft wholly repayable within one year	730,411	—
Bank loans wholly repayable within one year		
– Secured	5,000,000	—
– Unsecured	9,500,000	—
	<u>15,230,411</u>	<u>—</u>

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.

16. SHARE CAPITAL

	Number of ordinary shares HK\$0.01 each	HK\$
Authorised:		
A 1 April 2014, 31 March 2015, 1 April 2015 and 31 March 2016	<u>5,000,000,000</u>	<u>50,000,000</u>
Issued and fully paid:		
A 1 April 2014, 31 March 2015, 1 April 2015 and 31 March 2016	<u>1,100,000,000</u>	<u>11,000,000</u>

17. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In 2015, the market was volatile, Hang Seng Index rose as the southbound flow of money from the investors in PRC. However, the investors' concern about the PRC economy hard landing and the People's Bank of China to devalue RMB by 4.4% in August weakened the investors' confidence in the PRC economy. Even the Fed Fund Rate was increased by 25 basis points, the market has no overwhelming reaction.

As at 31 March 2016, the Hang Seng Index recorded as 20,777, representing approximately 16.6% decrease as compared with 24,901 as at 31 March 2015.

The total value of transactions of the Hong Kong stock market for the year ended 31 March 2016 increased by approximately 37.1% as compared with the year ended 31 March 2015. The average daily value of transactions was approximately HK\$101.5 billion.

BUSINESS REVIEW

Turnover

The Group's total turnover and investment income for the year was approximately HK\$60.3 million, as compared with 2015 of approximately HK\$59.5 million, increased by approximately 1.5% or approximately HK\$0.8 million. The breakdown of turnover and investment income by business activities of the Group is set out below:

	Year ended 31 March 2016 HK\$		Year ended 31 March 2015 HK\$		Increase/ (decrease) %
		%		%	
Turnover					
Commission and brokerage fees					
from securities dealing	8,261,991	12.6%	7,760,680	15.3%	6.5%
Placing and underwriting commission	14,710,587	22.5%	8,658,621	17.1%	69.9%
Commission and brokerage fees					
from dealing in futures contracts	183,797	0.3%	51,934	0.1%	253.9%
Commission from securities advisory services	600,000	0.9%	1,000,000	2.0%	(40.0%)
Other service income	24,869	0.1%	29,695	0.1%	(16.3%)
Clearing and settlement fees	3,898,352	6.0%	2,447,805	4.8%	59.3%
Handling service and dividend collection fees	783,909	1.2%	2,518,423	5.0%	(68.9%)
Interest income					
from clients (including margin clients)	31,441,127	48.1%	26,534,871	52.5%	18.5%
from authorised financial institutions	157,410	0.2%	186,004	0.4%	(15.4%)
from others	2,421,929	3.7%	340,822	0.7%	610.6%
Income derived from income right and film right	2,889,175	4.4%	1,044,692	2.0%	176.6%
	<u>65,373,146</u>	<u>100.0%</u>	<u>50,573,547</u>	<u>100.0%</u>	29.3%
Net gain on trading of financial assets					
at fair value through profit or loss	621,354	12.4%	3,066,816	34.5%	(79.7%)
Net change in fair value of financial assets					
at fair value through profit or loss	<u>(5,651,708)</u>	<u>(112.4%)</u>	<u>5,820,384</u>	<u>65.5%</u>	(197.1%)
	<u>(5,030,354)</u>	<u>(100.0%)</u>	<u>8,887,200</u>	<u>100.0%</u>	(156.6%)
	<u><u>60,342,792</u></u>		<u><u>59,460,747</u></u>		1.5%

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 increased by approximately 6.5% from approximately HK\$7.8 million for the year ended 31 March 2015 to approximately HK\$8.3 million for the year ended 31 March 2016.

The total value of transactions increased by approximately 59.4% from approximately HK\$116,662.1 million for the year ended 31 March 2015 to approximately HK\$185,926.8 million for the year ended 31 March 2016.

The total value of transactions for securities dealings carried out by the Group for the year ended 31 March 2016 increased as compared with 2015. As a result, income relating to clearing and settlement fees also increased by approximately 59.3% from approximately HK\$2.4 million for the year ended 31 March 2015 to approximately HK\$3.9 million for the year ended 31 March 2016.

The commission and brokerage fees from dealing in futures contracts increased by approximately 253.9% from HK\$51,934 for the year ended 31 March 2015 to HK\$183,797 for the year ended 31 March 2016.

The interest income derived from cash and margin securities accounts for the year ended 31 March 2016 was approximately HK\$21.8 million represents an increase of approximately 42.4% from that of the year ended 31 March 2015 amounting approximately HK\$15.3 million.

The other service income decreased by approximately 16.3% from HK\$29,695 for the year ended 31 March 2015 to HK\$24,869 for the year ended 31 March 2016.

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 2016 was approximately HK\$9.6 million (2015: approximately HK\$11.3 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 increased for year ended 31 March 2016 was HK\$0.6 million (2015: HK\$1.0 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 2016, the placing and underwriting commission increased by approximately 69.9% from approximately HK\$8.7 million for the year ended 31 March 2015 to approximately HK\$14.7 million for the year ended 31 March 2016 due to increase in fund raising activities in Hong Kong.

Investment Holding

The Group maintained a portfolio investments included the holding of listed equity securities, bonds, income right and film right. On November 2014, the Group acquired an income right of the photovoltaic power plant at the rooftop of a factory located at Hunan Province, the PRC, during the year under review, the Group received annual return (net of PRC tax) of RMB2,004,000 from such project. The total value of the Group investment portfolio was approximately HK\$46.4 million (2015: approximately HK\$49.1 million). As at 31 March 2016, the value of portfolio of listed securities was approximately HK\$12.8 million (2015: approximately HK\$19.4 million). This business segment has recorded revenue of approximately HK\$5.3 million (2015: approximately HK\$1.4 million). Net gain on trading of financial assets at fair value through profit or loss of approximately HK\$0.6 million (2015: approximately HK\$3.1 million) and net fair value loss of financial assets at fair value through profit or loss of approximately HK\$5.7 million (2015: net fair value gain of approximately HK\$5.8 million).

Administrative Expenses

During the year ended 31 March 2016, the administrative expenses decreased by approximately 14.1% from approximately HK\$30.3 million for the year ended 31 March 2015 to approximately HK\$26.1 million for the year ended 31 March 2016.

Due to the total value of transaction increased by approximately 59.4% from approximately HK\$116,662.1 million for the year ended 31 March 2015 to approximately HK\$185,926.8 million for the year ended 31 March 2016, the related expenses such as CCASS charges was increased by approximately 65.3% from HK\$2.6 million for the year ended 31 March 2015 to approximately HK\$4.3 million for the year ended 31 March 2016.

Staff cost excluding the effects of fair value provision for share options were approximately HK\$6.1 million for the year ended 31 March 2016 as compared to approximately HK\$6.6 million for the year ended 31 March 2015.

Liquidity, Financial Resources and Capital Structure

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

The Group maintained approximately HK\$11.2 million of bank deposit, bank balances and cash in general accounts as at 31 March 2016. This represented a decrease of approximately 73.4% as compared with the position as at 31 March 2015 of approximately HK\$42.2 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\$203.3 million as at 31 March 2015 to approximately HK\$205.2 million as at 31 March 2016 which represents an increase of approximately 0.9%. The current ratio of the Group as at 31 March 2016 was approximately 4.0 times (2015: approximately 4.1 times).

The Group had utilized HK\$5 million of secured loans (2015: HK\$nil).

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 6.6% (2015: nil).

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 2016, certain bank deposits of the Group's subsidiaries in the aggregate amount of HK\$10 million (2015: HK\$10 million) were pledged and corporate guarantee from the Company for securing overdraft and revolving loan facilities amounted to HK\$34.5 million (2015: HK\$35.0 million) issued by the banks to the Group. As at 31 March 2016, included in the banking facilities granted by the banks, HK\$15.2 million has been utilised (2015: HK\$nil).

Contingent liabilities

As at 31 March 2016, the Group had no material contingent liabilities (2015: nil).

Capital commitments

As at 31 March 2016, the Group had capital commitments in respect of its leasehold improvement, contracted but not provided in the consolidated financial statements, amounting to HK\$194,800 (2015: HK\$nil).

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\$6.1 million for the year ended 31 March 2016 as compared to approximately HK\$6.6 million for the year ended 31 March 2015.

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 2016, 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 2016 and up to the date of this annual report, the Group did not hold any significant investment.

Significant Investment

As at 31 March 2016, 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 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

With the uncertainties about the worries about the PRC's economy hard landing and the investors might concern the possible impact by external environment, such as the timeframe for the inclusion of PRC A shares into MSCI's market index, US Federal Reserve further hike the Fed Fund Rate and the effect if the British exit the European Union, the Hong Kong stock market will be affected by such uncertainties. 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 2016, 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 2016. 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 2016, 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 2016.

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 2016, 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 Friday, 5 August 2016. 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, Monday, 15 August 2016. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed on Thursday, 11 August 2016, 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 Wednesday, 10 August 2016.

The payment of final dividend is expected to be made on Thursday, 18 August 2016.

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 2016 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 2016 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, 22 June 2016

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.