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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 2011

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 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 Company was successfully listed on GEM of the Stock Exchange on 8 March 2011.
- The Group's revenue for the year ended 31 March 2011 was approximately HK$91.6 million (2010: approximately HK$73.3 million), representing an increase of approximately 24.9% from that of the year ended 31 March 2010.
- The Group's profit before tax for the year ended 31 March 2011 amounted to approximately HK$43.9 million (2010: approximately HK$46.3 million).
- The Group's profit attributable to the owners of the Company amounted to approximately HK$36.2 million for the year ended 31 March 2011 (2010: approximately HK$38.7 million).
- Basic earnings per share amounted to approximately HK4.72 cents for the year ended 31 March 2011 (2010: approximately HK5.15 cents).
- The Board proposed the final dividend of HK2.0 cents per share for the financial year ended 31 March 2011.

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 2011 (the "Financial Year") together with comparative figures for the year ended 31 March 2010, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2011

		2011	2010
	NOTES	***HK$***	*HK$*
Turnover	*4*	**91,592,091**	73,320,765
Net other income	*5*	**910,722**	1,855,694
Administrative expenses		**(48,610,071)**	(28,724,167)
Finance costs		**–**	(184,536)
Profit before taxation	*7*	**43,892,742**	46,267,756
Income tax expenses	*8*	**(7,713,137)**	(7,609,382)
Profit for the year attributable to the owners of the Company		**36,179,605**	38,658,374
Other comprehensive (expenses) income			
Net change in fair value on available-for-sale financial assets		**–**	1,970,116
Release of investments revaluation reserve upon disposal of available-for-sale financial assets		**(1,970,116)**	–
		(1,970,116)	1,970,116
Total comprehensive income for the year attributable to the owners of the Company		**34,209,489**	40,628,490
Dividend	*9*	**36,000,000**	15,008,000
Earnings per share			
– Basic	*10*	**4.72 cents**	5.15 cents
– Diluted	*10*	**4.72 cents**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2011

	NOTES	**2011** *HK$*	2010 *HK$*
Non-current assets			
Plant and equipment		**1,821,997**	2,278,056
Intangible assets		**209,340**	279,120
Other assets		**1,787,913**	1,775,530
Available-for-sale financial assets		**–**	9,723,483
		3,819,250	14,056,189
Current assets			
Trade receivables	*11*	**18,091,624**	48,921,036
Other receivables, deposits and prepayments		**1,784,178**	1,212,872
Financial assets at fair value through profit or loss		**7,423,919**	1,930,400
Pledged bank deposit		**5,000,000**	–
Bank balances and cash – trust accounts		**77,939,538**	142,385,744
Bank balances and cash – general accounts		**156,247,333**	59,787,786
		266,486,592	254,237,838
Current liabilities			
Trade payables		**80,989,935**	188,991,829
Other payables and accruals		**4,475,244**	2,616,024
Tax payable		**2,132,635**	7,101,037
		87,597,814	198,708,890
Net current assets		**178,888,778**	55,528,948
Total assets less current liabilities		**182,708,028**	69,585,137
Non-current liability			
Deferred tax liabilities		**220,307**	311,338
Net assets		**182,487,721**	69,273,799
Capital and reserves			
Share capital	*12*	**10,000,000**	40,000,000
Reserves		**172,487,721**	29,273,799
Total equity		**182,487,721**	69,273,799

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2011

	Share capital *HK$*	Share premium *HK$*	Merger reserve *HK$*	Share option reserve *HK$*	Investments revaluation reserve *HK$*	Retained profits *HK$*	Total *HK$*
At 1 April 2009	20,000,000	–	–	–	–	3,653,309	23,653,309
Profit for the year	–	–	–	–	–	38,658,374	38,658,374
Other comprehensive income for the year	–	–	–	–	1,970,116	–	1,970,116
Total comprehensive income for the year	–	–	–	–	1,970,116	38,658,374	40,628,490
Issue of shares	20,000,000	–	–	–	–	–	20,000,000
Dividend	–	–	–	–	–	(15,008,000)	(15,008,000)
At 31 March 2010 and 1 April 2010	40,000,000	–	–	–	1,970,116	27,303,683	69,273,799
Profit for the year	–	–	–	–	–	36,179,605	36,179,605
Other comprehensive expenses for the year	–	–	–	–	(1,970,116)	–	(1,970,116)
Total comprehensive income (expenses) for the year	–	–	–	–	(1,970,116)	36,179,605	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
Share issue expenses	–	(6,276,979)	–	–	–	–	(6,276,979)
Recognition of equity-settled share-based payments	–	–	–	31,412	–	–	31,412
Dividend	–	–	–	–	–	(36,000,000)	(36,000,000)
At 31 March 2011	**10,000,000**	**112,473,021**	**32,500,000**	**31,412**	**–**	**27,483,288**	**182,487,721**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

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 2010 and 2011 or from the respective dates of incorporation of the companies comprising the Group, where there is a shorter period.

Comparative amounts for the Company's statement of financial position have not been presented as the Company was incorporated on 27 August 2010.

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 and placing and underwriting services.

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

The following new and revised Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA) have been applied by the Group in the current year and have affected the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements. The impact of the application of the new and revised Standards and Interpretations is discussed below.

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.

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendments)	Eligible Hedged Items
HKFRS 1 (Revised)	First-time Adoption of HKFRSs
HKFRS 1 (Amendments)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK – Interpretation ("Int") 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners

Amendments to HKFRS 7 Financial Instruments: Disclosures (as part of Improvements to HKFRSs issued in 2010)

The amendments to HKFRS 7 clarify the required level of disclosures about credit risk and collateral held and provide relief from disclosures previously required regarding renegotiated loans. The Group has applied the amendments in advance of their effective date (annual periods beginning on or after 1 January 2011). The amendments have been applied retrospectively.

Amendments to HKAS 1 Presentation of Financial Statement (as part of Improvements to HKFRSs issued in 2010)

The amendments to HKAS 1 clarify that an entity may choose to present the required analysis of items of other comprehensive income either in the consolidated statement of changes in equity or in the notes to the consolidated financial statements. The Group has applied the amendments in advance of their effective date (annual periods beginning on or after 1 January 2011). The amendments have been applied retrospectively.

HKFRS 3 (as revised in 2008) Business Combinations

HKFRS 3 (as revised in 2008) has been applied in the current year prospectively to business combinations of which the acquisition date is on or after 1 January 2010 in accordance with the relevant transitional provisions. Its application has affected the accounting for business combinations in the current year.

The application of the amendments to HKFRS 3 has had no impact on the consolidated financial statements for the current and prior years.

HKAS 27 (as revised in 2008) Consolidated and Separate Financial Statements

The application of HKAS 27 (as revised in 2008) has resulted in changes in the Group's accounting policies for the Group's changes in ownership interests in subsidiaries of the Group.

The application of the amendments to HKAS 27 has had no impact on the consolidated financial statements for the current and prior years.

Amendments to HKAS 17 Leases

As part of Improvements to HKFRSs issued in 2009, HKAS 17 Leases has been amended in relation to the classification of leasehold land. Before the amendments to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the consolidated statement of financial position. The amendments to HKAS 17 have removed such a requirement. The amendments require that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

The application of the amendments to HKAS 17 has had no impact on the reported profit or loss for the current and prior years.

Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ("HK Int 5") clarifies that term loans that include a clause that gives the lender the unconditional right to call the loans at any time ("repayment on demand clause") should be classified by the borrower as current liabilities. The Group has applied HK Int 5 for the first time in the current year. Hong Kong Interpretation 5 requires retrospective application.

In order to comply with the requirements set out in HK Int 5, the Group has changed its accounting policy on classification of term loans with a repayment on demand clause. In the past, the classification of such term loans were determined based on the agreed scheduled repayment dates set out in the loan agreements. Under HK Int 5, term loans with a repayment on demand clause are classified as current liabilities.

The application of HK Int 5 has had no impact as the Group has no terms loans for the current and prior years.

New and revised Standards and Interpretations issued but not yet effective

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

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010 except for the amendments to HKFRS 3 (as revised in 2008), HKFRS 7, HKAS 1 and HKAS 28[1]
HKFRS 1 (Amendments)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[2]
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[4]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[2]
HKFRS 9	Financial Instruments[6]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[5]
HKAS 24 (Revised)	Related Party Disclosures[3]
HK (IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[3]
HK (IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[2]

[1] *Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate.*

[2] *Effective for annual periods beginning on or after 1 July 2010.*

[3] *Effective for annual periods beginning on or after 1 January 2011.*

[4] *Effective for annual periods beginning on or after 1 July 2011.*

[5] *Effective for annual periods beginning on or after 1 January 2012.*

[6] *Effective for annual periods beginning on or after 1 January 2013.*

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

- 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.

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in 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's credit risk in the comprehensive income 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 recognised 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 HKFRS 9 that 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 will have an impact on amounts reported in respect of the Groups' financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The amendments to HKFRS 7 titled Disclosures – Transfers of Financial Assets 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 asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period. To date, the Group has not entered into transactions involving transfers of financial assets. However, if the Group enters into any such transactions in the future, disclosures regarding those transfers may be affected.

HKAS 24 Related Party Disclosures (as revised in 2009) modifies the definition of a related party and simplifies disclosures for government-related entities. The disclosure exemptions introduced in HKAS 24 (as revised in 2009) do not affect the Group because the Group is not a government-related entity.

The amendments to HK(IFRIC) – Int 14 require entities to recognise as an economic benefit any prepayment of minimum funding requirement contributions. As the Group has no defined benefit scheme, the amendments are unlikely to have any financial impact on the Group.

HK (IFRIC) – Int 19 provides guidance regarding the accounting for the extinguishment of a financial liability by the issue of equity instruments. To date, the Group has not entered into transactions of this nature. However, if the Group does enter into any such transaction in the future, HK (IFRIC) – Int 19 will affect the required accounting. In particular, under HK (IFRIC) – Int 19, equity instruments issued under such arrangements will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the fair value of equity instruments issued will be recognised in profit or loss.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on 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 properties and 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 statement of comprehensive income 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. Prior to 1 January 2010, losses applicable to the non-controlling interests in excess of the non-controlling interests in the subsidiary's equity were allocated against the interests of the Group except to the extent that the non-controlling interests had a binding obligation and were able to make an additional investment to cover the losses.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interest in existing subsidiaries on or after 1 January 2010

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

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

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.

4. TURNOVER

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

	2011	2010
	HK$	*HK$*
Commission and brokerage fees from securities dealing on The Stock Exchange of Hong Kong Limited	**31,665,322**	29,941,974
Commission and brokerage fees on dealing in futures contracts	**1,115,820**	1,317,406
Placing and underwriting commission	**50,893,635**	32,288,270
Clearing and settlement fee	**6,014,597**	8,219,488
Handling service and dividend collection fees	**345,670**	457,195
Interest income from		
– authorised financial institutions	**254,315**	143,105
– clients	**1,302,641**	953,322
– others	**91**	5
	91,592,091	73,320,765

5. NET OTHER INCOME

	2011	2010
	HK$	*HK$*
(Loss) gain on trading of financial assets at fair value through profit or loss	**(962,089)**	639,608
Gain (loss) on trading in futures contracts	**235**	(3,860)
Dividend income	**–**	9,758
Net change in fair value of financial assets at fair value through profit or loss	**(1,291,015)**	1,116,721
Realised gain on disposal of available-for-sale financial assets	**2,945,926**	–
Other income	**217,665**	93,467
	910,722	1,855,694

6. SEGMENTS INFORMATION

Segment revenues and results

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

	2011			2010		
	Securities and futures broking	**Placing and underwriting**	**Consolidated**	Securities and futures broking	Placing and underwriting	Consolidated
	HK$	***HK$***	***HK$***	*HK$*	*HK$*	*HK$*
Segment revenue	**40,444,050**	**50,893,635**	**91,337,685**	40,889,385	32,288,270	73,177,655
Segment results	**24,772,360**	**36,853,140**	**61,625,500**	24,005,441	26,182,008	50,187,449
Gain from investments			**693,057**			1,762,227
Other interest income			**254,406**			143,110
Other income			**217,665**			93,467
Unallocated other operating expenses			**(18,897,886)**			(5,907,300)
Finance costs			**–**			(11,197)
Profit before taxation			**43,892,742**			46,267,756
Income tax expenses			**(7,713,137)**			(7,609,382)
Profit for the year			**36,179,605**			38,658,374

Revenue reported above represents revenue generated from external customers. There was no inter-segment sale during the year (2010: HK$Nil).

Segment assets and liabilities

	2011			2010		
	Securities and futures broking	**Placing and underwriting**	**Consolidated**	Securities and futures broking	Placing and underwriting	Consolidated
	HK$	***HK$***	***HK$***	*HK$*	*HK$*	*HK$*
Assets						
Segment assets	**99,739,576**	**110,836**	**99,850,412**	195,220,994	418,491	195,639,485
Unallocated assets			**170,455,430**			72,654,542
Total assets			**270,305,842**			268,294,027
Liabilities						
Segment liabilities	**83,488,942**	**1,532,600**	**85,021,542**	191,474,275	31,200	191,505,475
Unallocated liabilities			**2,796,579**			7,514,753
Total liabilities			**87,818,121**			199,020,228

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 customer

A major customer of the Group accounted for approximately 20% (2010: 11%) of the total revenue for the year.

7. PROFIT BEFORE TAXATION

	2011	2010
	HK$	*HK$*
Profit before taxation has been arrived at after charging:		
Staff costs	**4,886,019**	3,678,234
Auditors' remuneration	**400,000**	50,000
Depreciation of plant and equipment	**956,080**	1,076,183
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	**3,061,160**	2,896,992
Equipment	**–**	8,666
Equity-settled share-based payments	**31,412**	–

8. INCOME TAX EXPENSES

	2011	2010
	HK$	*HK$*
Hong Kong Profits Tax		
– current year	**7,804,168**	7,562,044
Deferred tax		
– current year	**(91,031)**	47,338
	7,713,137	7,609,382

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

	2011	2010
	HK$	*HK$*
Profit before taxation	**43,892,742**	46,267,756
Tax at the domestic income tax rate of 16.5% (2010: 16.5%)	**7,242,303**	7,634,179
Tax effect of expenses not deductible for tax purpose	**949,113**	425
Tax effect of income not taxable for tax purpose	**(528,040)**	(25,222)
Tax effect of tax loss not recognised	**49,761**	–
Tax expenses for the year	**7,713,137**	7,609,382

9. DIVIDEND

Dividends for the year ended 31 March 2011 and 2010 were declared and paid by the Company's subsidiary, namely Cheong Lee Securities Limited ("Cheong Lee") to its then shareholder prior to the Reorganisation.

	2011	2010
	HK$	*HK$*
2011 First quarter, paid – HK$nil per share (2010: HK$10 per share)	**–**	2,500,000
2011 Interim, paid – HK$90 per share (2010: HK$16.68 per share)	**36,000,000**	5,004,000
2011 Third quarter, paid – HK$nil per share (2010: HK$16.68 per share)	**–**	5,004,000
2010 Final, paid – HK$nil per share (2010: 2009 Final, HK$10 per share)	**–**	2,500,000
	36,000,000	15,008,000

The Board of Directors proposed a final dividend of HK$0.02 per ordinary share for the year ended 31 March 2011 (2010: HK$Nil). This proposed final dividend is not reflected as a dividend payable as of 31 March 2011, but will be recorded as a distribution of retained earning for the year ending 31 March 2012.

10. EARNINGS PER SHARE

The calculation of basic earnings per share for the year ended 31 March 2011 was based on the Group's profit attributable to the owners of the Company of approximately HK$36,179,605 (2010: HK$38,658,374) and the weighted average number of ordinary shares of 766,438,357 (2010: 750,000,000) 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 2010, 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; and

The weighted average number of shares used to calculate the basic earnings per 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 effects of all dilutive potential ordinary share of 727,660 ordinary shares as if all the Company's pre-IPO share options had been exercised.

Diluted earnings per share for the year ended 31 March 2010 was not presented as there was no dilutive potential ordinary share.

11. TRADE RECEIVABLES

	2011	2010
	HK$	*HK$*
Trade receivables from the business of dealing in futures contracts:		
Clearing houses	**323,367**	4,038,570
Trade receivables from the business of dealing in securities:		
Cash clients	**14,143,861**	1,170,900
Clearing houses	**3,513,560**	43,293,075
Trade receivables from placing and underwriting	**110,836**	418,491
	18,091,624	48,921,036

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.

The aged analysis of the trade receivables are as follows:

	2011	2010
	HK$	*HK$*
Less than 1 month past due	**13,446,980**	48,880,014
1 to 3 months past due	**4,125,351**	13
Over 3 months but less than 1 year past due	**510,878**	7,437
Over 1 year past due	**8,415**	33,572
	18,091,624	48,921,036

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.

The Group held the stock on behalf of those clients who overdue payment more than one month amounted HK$35,601,144 (2010: HK$164,941,190) as at 31 March 2011.

12. 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, 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
Issue of shares upon listing	(iv)	250,000,000	2,500,000.00
As at 31 March 2011, 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$0.01 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

Since early 2010 debt crisis occurred in the European market, under the uncertainties of the financial market, the market sentiment was volatile at the beginning of the financial year.

As various governments continue to procure measures to support the economy as well as the quantitative easing measures launched by US government, the corporate finance activities continued to grow quickly.

In Hong Kong, the IPO and fundraising activities increased and the market sentiment returned to good pace. The financial markets achieved a sustainable recovery in the second half of 2010.

As at 31 March 2011, the Hang Seng Index record as 23,528 representing 10.8% increase as compared with 31 March 2010. The total value of transaction of the Hong Kong stock Market for the year ended 31 March 2011 increased by approximately 7.0% as compared with the year ended 31 March 2010. The average daily value of transaction was approximately HK$71.4 billion.

BUSINESS REVIEW

Turnover

The Group's turnover for the year was approximately HK$91.6 million, as compared with 2010 of approximately HK$73.3 million, increasing by approximately 24.9% or approximately HK$18.3 million. The breakdown of turnover by business activities of the Group is set out below:–

	Year ended 31 March				**Increase/**
	2011		2010		**(decrease)**
	HK$	*%*	*HK$*	*%*	*%*
Commission and brokerage fee from securities dealings	**31,665,322**	**34.6%**	29,941,974	40.9%	5.8%
Commission and brokerage fee from dealing in futures contracts	**1,115,820**	**1.2%**	1,317,406	1.8%	(15.3%)
Placing and underwriting commission	**50,893,635**	**55.6%**	32,288,270	44.0%	57.6%
Clearing and settlement fee	**6,014,597**	**6.5%**	8,219,488	11.2%	(26.8%)
Handling service and dividend collection fees	**345,670**	**0.4%**	457,195	0.6%	(24.4%)
Interest income					
from authorised financial institutions	**254,315**	**0.3%**	143,105	0.2%	77.7%
from clients	**1,302,641**	**1.4%**	953,322	1.3%	36.6%
from others	**91**	**0.0%**	5	0.0%	1,720.0%
	91,592,091	**100.00%**	73,320,765	100.00%	

Securities and Futures Brokerage

The commission and brokerage fee from securities dealings increased by approximately 6.0% from approximately HK$29.9 million for the year ended 31 March 2010 to approximately HK$31.7 million for the year ended 31 March 2011. The total value of transaction decreased by approximately 27.5% from approximately HK$402,321.1 million for the year ended 31 March 2010 to approximately HK$291,859.2 million for the year ended 31 March 2011. Despite there was a decrease in the total value of transactions, as a result of the increase in fixed commission charged to certain clients with high trading volume, the Group's commission and brokerage fee from securities dealings for the year ended 31 March 2011 increased as compared with 2010.

During the year, the Group offered more competitive pricing for futures contracts dealings. The commission and brokerage fee from dealing in futures contracts decreased by approximately 15.3% from approximately HK$1.3 million for the year ended 31 March 2010 to approximately HK$1.1 million for the year ended 31 March 2011.

The total value of transactions for securities dealings carried out by the Group for the year ended 31 March 2011 decreased as compared with 2010. As a result, income relating to clearing and settlement fee and handling services and dividend collection fees also decreased by approximately 26.8% from approximately HK$8.2 million for the year ended 31 March 2010 to approximately HK$6.0 million for the year ended 31 March 2011 and by approximately 24.4% from HK$457,195 for the year ended 31 March 2010 to HK$345,670 for the year ended 31 March 2011 respectively.

Interest income increased from approximately HK$1.1 million to approximately HK$1.6 million mainly because of the interest income from client incurred from overdue amount of approximately HK$4.0 million from client from May to September 2010. Such overdue amount had been settled in September 2010.

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 2011, the placing and underwriting commission increased by approximately 57.6% from approximately HK$32.3 million for the year ended 31 March 2010 to approximately HK$50.9 million for the year ended 31 March 2011. The Group has outstanding performance in placing and underwriting business as a result of the positive sentiment towards IPO, fund raising and corporate exercises in the market.

Administrative Expenses

During the year ended 31 March 2011, the administrative expenses increased by approximately 69.2% from approximately HK$28.7 million for the year ended 31 March 2010 to approximately HK$48.6 million for the year ended 31 March 2011. 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 increased by approximately 150.0% from approximately HK$3.6 million for the year ended 31 March 2010 to approximately HK$9.0 million for the year ended 31 March 2011. 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. Such amount increased due to improvement of performance of placing and underwriting business during the year.

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 bank balance and cash in general accounts amounting to approximately HK$161.2 million as at 31 March 2011. This represented an increase of approximately 169.7% as compared with the position as at 31 March 2010 of approximately HK$59.8 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 as at 31 March 2011 increased from approximately HK$55.5 million to approximately HK$178.9 million which represents an increase of approximately 222.2%.

The current ratio of the Group as at 31 March 2011 was approximately 3.04 times compared with approximately 1.28 times as at 31 March 2010 mainly resulting from the net proceeds raised from the placing of the shares of the Company on GEM on 8 March 2011 (the "Placing"). As at 31 March 2011, the Group has bank and cash balances in general accounts of approximately HK$161.2 million (2010: approximately HK$59.8 million).

The Group had no secured loans (2010: Nil).

As at 31 March 2011, the Group's gearing ratio represented by the total liabilities as a percentage of the Group's total assets amount to approximately 32.5% (2010: approximately 74.2%).

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 2011, the Company had provided guarantees in favour of a financial institution in respect of overdraft facilities of Cheong Lee amounting to HK$10.0 million (2010: Nil). As at 31 March 2011, a bank fixed deposit amounted of HK$5,000,000 have been pledged to secure the overdraft facilities granted to Cheong Lee.

Contingent liabilities

As at 31 March 2011, the Group had no material contingent liabilities.

Capital commitments

Capital commitments outstanding at the end of the reporting period not provided for in the financial statements amount to approximately HK$370,000 which represent decoration expense pending to be paid by the Group for new office.

Staff and remuneration policies

As at 31 March 2011, the Group had 20 (2010: 14) employees, including Directors. Total staff costs (including directors' emoluments) were approximately HK$4.9 million for the year ended 31 March 2011 as compared to approximately HK$3.7 million for the year ended 31 March 2010.

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 2011, 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

Other than in connection with the Group's Reorganisation in preparation for the listing of the Company's shares on GEM on 8 March 2011, the Group has not made any material acquisitions and disposal of subsidiaries and associated companies. As at 31 March 2011 and up to the date of this report, 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

The Group has benefited from the listing on 8 March 2011 which has strengthened its capital base and enhanced its profile. There will be a challenging year for the Group to further expand its business. The Group will continue to grow its brokerage business, by broadening client base and by strengthening its trading platform.

The Group has commenced its margin financing business and will continue to put efforts on expanding the margin finance portfolio 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, which include the assets management and wealth management areas, 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 2011.

Pursuant to the agreement dated 3 March 2011 entered into between VC Capital and the Company, VC Capital received and will receive fees for acting as the compliance adviser of the Company.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

For the year ended 31 March 2011, 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 period from the Listing Date to 31 March 2011. 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 period from the Listing Date to 31 March 2011, 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 2011.

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 2011, 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 Thursday, 4 August 2011. 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 Wednesday, 10 August 2011. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed on Wednesday 10 August 2011, 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 Tuesday, 9 August 2011.

The payment of final dividend is expected to be made on Wednesday, 17 August 2011.

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. Chee Kwok Wing Waymond and Mr. Au-Yeung Tai Hong Rorce. The audited consolidated results of the Group for the year ended 31 March 2011 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.

By Order of the Board
CL Group (Holdings) Limited
Lau Ka Lung Ali
Chairman

Hong Kong, 27 June 2011

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

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.