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 2019

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

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

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

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

HIGHLIGHTS

- The Group's total revenue and investment income for the year ended 31 March 2019 was approximately HK$50.3 million (2018: approximately HK$53.2 million), representing an decrease of approximately 5.5% from that of the year ended 31 March 2018.

- The Group's profit before tax for the year ended 31 March 2019 amounted to approximately HK$15.6 million (2018: approximately HK$20.5 million).

- The Group's profit attributable to the owners of the Company amounted to approximately HK$12.5 million for the year ended 31 March 2019 (2018: approximately HK$16.5 million).

- Basic and diluted earnings per share for the year ended 31 March 2019 were approximately HK0.57 cent (2018: Basis earnings per share of approximately HK0.75 cent) and approximately HK0.57 cent (2018: Diluted earnings per share of approximately HK0.75 cent) respectively.

- The Board proposed a final dividend of HK1.0 cent per share for the financial year ended 31 March 2019 (2018: HK1.0 cent).

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 2019 (the "Financial Year") together with comparative figures for the year ended 31 March 2018, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019

	Notes	**2019** *HK$*	2018 *HK$*
Revenue	*4*	**48,141,146**	50,972,653
Net gain on trading of financial assets at fair value through profit or loss		**2,134,645**	2,021,351
Net change in fair value of financial assets at fair value through profit or loss		**17,541**	240,491
Net other income, gains and losses	*5*	**(10,710,879)**	(8,257,841)
Administrative expenses		**(23,813,441)**	(24,285,350)
Finance costs	*7*	**(147,981)**	(145,003)
Profit before tax	*8*	**15,621,031**	20,546,301
Income tax expenses	*9*	**(3,103,053)**	(4,077,092)
Profit and total comprehensive income for the year		**12,517,978**	16,469,209
Profit and total comprehensive income attributable to owners		**12,517,978**	16,469,209
Earnings per share			
— Basic	*11*	**0.57 cent**	0.75 cent
— Diluted	*11*	**0.57 cent**	0.75 cent

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2019

	Notes	2019 HK$	2018 HK$
Non-current assets			
Plant and equipment		**653,499**	1,515,830
Intangible assets		**—**	19,843,160
Other assets		**1,730,000**	1,763,453
Loans receivables	*13*	**12,178,616**	372,660
Rental and utility deposits		**698,875**	—
		15,260,990	23,495,103
Current assets			
Trade receivables	*12*	**84,605,821**	83,906,082
Loans receivables	*13*	**82,257,989**	76,428,583
Other receivables, deposits and prepayments		**310,931**	1,396,156
Financial assets at fair value through profit or loss		**33,481,389**	38,622,985
Asset held-for-sale		**18,646,588**	—
Tax refundable		**1,969,011**	1,227,850
Pledged bank deposit		**10,000,000**	5,000,000
Bank balances and cash — trust accounts		**137,691,268**	83,009,627
Bank balances and cash — general accounts		**11,011,117**	25,074,154
		379,974,114	314,665,437
Current liabilities			
Trade payables	*14*	**150,057,423**	86,388,818
Other payables and accruals	*15*	**3,066,147**	2,677,817
Bank borrowing	*16*	**2,000,000**	—
Income tax payables		**1,280,164**	658,798
		156,403,734	89,725,433
Net current assets		**223,570,380**	224,940,004
Total assets less current liabilities		**238,831,370**	248,435,107
Non-current liability			
Deferred tax liabilities		**1,569,974**	1,691,689
Net assets		**237,261,396**	246,743,418

	Notes	**2019**	2018
		HK$	*HK$*
Capital and reserves			
Share capital	*17*	**22,000,000**	22,000,000
Reserves		**215,261,396**	224,743,418
Equity attributable to owners of the Company		**237,261,396**	246,743,418

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2019

	Share capital *HK$*	Share premium *HK$*	Merger reserve *HK$*	Share options reserve *HK$*	Capital reserve *HK$*	Retained profits *HK$*	Attributable to owners of the Company *HK$*
At 1 April 2017	22,000,000	130,931,993	32,500,000	8,275,000	(112,519)	58,679,735	252,274,209
Profit and total comprehensive income for the year	–	–	–	–	–	16,469,209	16,469,209
Dividend	–	–	–	–	–	(22,000,000)	(22,000,000)
At 31 March 2018 and 1 April 2018	22,000,000	130,931,993	32,500,000	8,275,000	(112,519)	53,148,944	246,743,418
Profit and total comprehensive income for the year	–	–	–	–	–	12,517,978	12,517,978
Dividend	–	–	–	–	–	(22,000,000)	(22,000,000)
At 31 March 2019	22,000,000	130,931,993	32,500,000	8,275,000	(112,519)	43,666,922	237,261,396

1. GENERAL

The Company is incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited ("Stock Exchange"). The address of the registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands, and its principal place of business is Room 16B, 16/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.

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

The principal activities of the Company and its subsidiaries (collectively referred to as the "Group") are the provision of securities, futures and options brokering and trading, loan financing services, placing and underwriting services, securities advisory services 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 AMENDMENTS HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

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

The Group has applied the following amendments to Hong Kong Accounting Standards ("HKASs") and HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK (IFRIC) — Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

Except as described below, the application of the amendments to HKASs and HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

(a) Impact and changes in accounting policies of application on HKFRS 9 Financial Instruments

In the current year, the Group has applied HKFRS 9 Financial Instruments and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 April 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 Financial Instruments: Recognition and Measurement.

Accounting policies resulting from application of HKFRS 9 are disclosed in note 3.

Impairment under ECL model

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for loan receivables and trade receivables arising from cash clients and clearing house using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group assumes that the credit risk on loan receivables and trade receivables arising from cash clients and clearing house has increased significantly if it is more than 90 days past due.

The Group considers loan receivables and trade receivables arising from cash clients and clearing house to be in default when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

For trade receivables arising from margin clients, the ECLs are based on HKFRS 9 general approach. Under the general approach, financial assets migrate through the following three stages based on the change in credit risk since initial recognition:

Stage 1: Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal 12-month ECLs.

Stage 2: Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Stage 3: Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs.

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. For certain portfolio of margin finance loans, the Group rebuts the presumption that there have been significant increases in credit risk since initial recognition when financial assets are more than 90 days past due as management considers the probability of default is highly correlated with the collateral value rather than the past due days.

Maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and loan receivables. ECL for other financial assets at amortised cost, including bank balances and cash and other receivables, are assessed on 12-month ECL basis as there had been no significant increase in credit risk since initial recognition. After performing the assessment of expected credit loss on the Group’s existing trade receivables, loan receivables, other receivables and bank balances, no expected credit loss allowance was recognised by the Group as at 1 April 2018 as the amount is not material.

(b) Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 *Revenue* and HKAS 11 *Construction Contracts* and the related interpretations.

The Group recognises revenue from the following major sources which arise from contracts with customers:

i) The performance obligation is satisfied at a point in time when the customer has received the service from the Group. Commission income for brokering business of securities, futures and options dealing is recorded as income on a trade-date basis.

ii) The performance obligation is satisfied at a point in time when the customer has received the service from the Group. Underwriting commission income, sub-underwriting commission income, placing commission and related handling fee whether on an underwritten or on a best-effort basis are recognised when the shares are allotted to the placees.

iii) Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

iv) The performance obligation is satisfied at a point in time when the customer has received the service from the Group. Fees for clearing and settlement of trades between Participants in eligible securities transacted on the Stock Exchange are recognised in full on T+1, ie, on the day following the trade day, upon acceptance of the trades. Fees for other settlement transactions are recognised upon completion of the settlement.

v) The performance obligation is satisfied at a point in time when the customer has received the service from the Group. Handling service fees and dividend collection fees are recognised when the agreed services have been provided.

vi) The performance obligation is satisfied at a point in time when the customer has received the service from the Group. Securities advisory services fee income and other service income are recognised when the services are rendered.

vii) Income derived from income right is recognised over time when the right to receive payment is established, it is probable that the economic benefits associated with the income will flow to the Group and the amount of the income can be measured reliably.

viii) Revenue from the exploitation of film rights is recognised over time based upon the contractual terms of each agreement, it is probable that the economic benefits associated with the income will flow to the Group and the amount of the income can be measured reliably.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 April 2018. The application of HKFRS 15 on 1 April 2018 has no material impact on the Group's financial performance and positions at the initial application and during the current year, and accordingly, there is no adjustment on the opening consolidated statement of financial position and consolidated statement of changes in equity.

New and amendments to HKASs and HKFRSs in issue but not yet effective

The Group has not applied the following new and amendments to HKASs and HKFRSs that have been issued but are not yet effective:

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[3]
Amendments to HKFRS 3	Definition of a Business[5]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 1 and HKAS 8	Definition of Material[2]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
HK (IFRIC) — Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle[1]

[1] Effective for annual periods beginning on or after 1 January 2019
[2] Effective for annual periods beginning on or after 1 January 2020
[3] Effective for annual periods beginning on or after 1 January 2021
[4] Effective date to be determined
[5] Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

Except for the new HKFRS mentioned below, the Directors of the Company do not anticipate that the application of these new and amendments to HKFRSs will have any material impact on the Group's consolidated financial statements in the foreseeable future.

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 *Leases* and the related interpretations when it becomes effective.

HKFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. In addition, HKFRS 16 requires sales and leaseback transactions to be determined based on the requirements of HKFRS 15 as to whether the transfer of the relevant asset should be accounted as sales. HKFRS 16 also includes requirements relating to subleases and the lease modifications.

Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for own use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group.

Under HKAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease liability for finance lease arrangement and prepaid lease payments for leasehold lands where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

Other than certain requirements which are also applicable to lessor, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2019, the Group has non-cancellable operating lease commitments of approximately HK$7,558,993. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

In addition, the Group currently considers refundable rental deposits paid of HK$946,511 as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost. Adjustments to refundable rental deposits paid would be considered as additional lease payments and included in the carrying amount of right-of-use assets.

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group intends to elect the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease applying HKAS 17 and HK(IFRIC)-Int 4. Therefore, the Group will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application. Furthermore, the Group intends to elect the modified retrospective approach for the application of HKFRS 16 as lessee and will recognise the cumulative effect of initial application to opening retained earnings without restating comparative information.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

Basis of preparation

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

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

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

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

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

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

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

The principal accounting policies are set out below.

Basis of consolidation

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

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

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

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

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

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

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

4. REVENUE

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

	2019	2018
	HK$	*HK$*
Recognised at a point in time		
Commission and brokerage fees from securities dealing on the Stock Exchange	**9,286,317**	9,953,071
Placing and underwriting commission	**12,950**	280,000
Commission and brokerage fees from dealing in futures contracts	**618,681**	299,432
Commission from securities advisory services	**60,000**	2,300,000
Other service income	**1,684**	21,780
Clearing and settlement fee	**3,466,241**	2,889,995
Handling service and dividend collection fees	**106,981**	157,087
Market data subscription income	**—**	266,862
Recognised over time		
Income derived from		
— income right	**2,326,646**	2,367,377
— film right	**33,110**	39,600
Other sources income		
Interest income from		
— clients (including margin clients)	**31,319,620**	28,704,899
— authorised financial institutions	**303,130**	166,908
— others	**605,786**	3,525,642
	48,141,146	50,972,653

Notes: These income are the revenue arising from HKFRS 15, while interest income are under the scope of HKFRS 9.

5. NET OTHER INCOME, GAINS AND LOSSES

	2019 HK$	2018 HK$
Dividend income	51,260	—
Impairment loss on held-to-maturity investments	—	(10,000,000)
Net exchange loss	(36,572)	(37,683)
Impairment loss on of trade receivables under ECL Model	(11,956,757)	—
Recovery of trade receivables	—	25,058
Recovery of loans receivables	852,749	1,426,412
Sundry incomes	378,441	328,372
	(10,710,879)	(8,257,841)

6. BUSINESS SEGMENTS

Segment revenues and results

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

	2019					
	Securities, futures and options brokering and trading HK$	Placing and underwriting HK$	Loan financing HK$	Securities advisory service HK$	Investment holding HK$	Consolidated HK$
Segment revenues						
— Recognised at a point in time	13,478,220	12,950	—	60,000	1,684	13,552,854
— Recognised over time	—	—	—	—	2,359,756	2,359,756
— Other sources income	10,431,256	—	21,200,068	—	597,212	32,228,536
	23,909,476	12,950	21,200,068	60,000	2,958,652	48,141,146
Segment results	(2,450,592)	(477,418)	18,444,572	(145,113)	3,344,397	18,715,846
Net other income, gains and losses						1,194,618
Unallocated other operating expenses						(4,141,452)
Finance cost						(147,981)
Profit before tax						15,621,031
Income tax expenses						(3,103,053)
Profit for the year						12,517,978

	2018					
	Securities, futures and options brokering and trading	Placing and underwriting	Loan financing	Securities advisory service	Investment holding	Consolidated
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Segment revenues						
— Recognised at a point in time	13,566,446	280,000	—	2,300,000	21,781	16,168,227
— Recognised over time	—	—	—	—	2,406,977	2,406,977
— Other sources income	11,833,978	—	17,035,596	—	3,527,875	32,397,449
	25,400,424	280,000	17,035,596	2,300,000	5,956,633	50,972,653
Segment results	12,424,006	(197,627)	14,618,539	2,121,702	6,290,924	35,257,544
Net other income, gains and losses						(8,257,841)
Unallocated other operating expenses						(6,308,399)
Finance cost						(145,003)
Profit before tax						20,546,301
Income tax expenses						(4,077,092)
Profit for the year						16,469,209

Revenue reported above represents revenue generated from external customers. There were no inter-segment transactions during the year (2018: HK$nil).

Segment results represent the profit earned by each segment without allocation of net other income, gains and losses, unallocated other operating expenses and finance costs except impairment loss on trade receivables under ECL model. This is the measure reported to the Executive Directors for the purpose of resources allocation and performance assessment.

Segment assets and liabilities

2019

	Securities, futures and options brokering and trading *HK$*	**Placing and underwriting** *HK$*	**Loan financing** *HK$*	**Securities advisory service** *HK$*	**Investment holding** *HK$*	**Consolidated** *HK$*
Assets						
Segment assets	**226,128,572**	**—**	**100,570,705**	**—**	**58,834,727**	**385,534,004**
Unallocated assets						**9,701,100**
Total assets						**395,235,104**
Liabilities						
Segment liabilities	**152,351,183**	**—**	**1,249,003**	**—**	**2,252,919**	**155,853,105**
Unallocated liabilities						**2,120,603**
Total liabilities						**157,973,708**

2018

	Securities, futures and options brokering and trading *HK$*	Placing and underwriting *HK$*	Loan financing *HK$*	Securities advisory service *HK$*	Investment holding *HK$*	Consolidated *HK$*
Assets						
Segment assets	171,268,177	—	79,047,632	—	67,290,224	317,606,033
Unallocated assets						20,554,507
Total assets						338,160,540
Liabilities						
Segment liabilities	88,705,480	—	627,420	—	1,756,722	91,089,622
Unallocated liabilities						327,500
Total liabilities						91,417,122

Geographical information

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

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

	Revenue from external customers		**Non-current assets***	
	2019	2018	**2019**	2018
	HK$	*HK$*	***HK$***	*HK$*
Hong Kong	**45,814,500**	48,605,276	**2,383,499**	3,279,283
The PRC	**2,326,646**	2,367,377	**—**	19,843,160
	48,141,146	50,972,653	**2,383,499**	23,122,443

* Non-current assets exclude financial instruments.

Information on major customers

One major customer of the Group accounted for approximately 11.8% (2018: 8.6%) of the total revenue during the year ended 31 March 2019. No other single customer contributed 10% or more to the Group's revenue for both years.

7. FINANCE COSTS

	2019	2018
	HK$	*HK$*
Interest on bank borrowings wholly repayable within five years	**139,860**	145,003
Interest on shareholder loan wholly repayable on demand	**8,121**	—
	147,981	145,003

8. PROFIT BEFORE TAX

	2019	2018
	HK$	*HK$*
Profit before tax has been arrived at after charging (crediting):		
Staff costs (including Directors' emoluments)	**6,804,760**	6,889,945
Auditor's remuneration	**618,000**	600,000
Depreciation of plant and equipment	**869,631**	858,167
Amortisation of intangible assets	**1,196,572**	1,196,573
Net gain on trading of financial assets at fair value through profit or loss	**(2,134,645)**	(2,021,351)
Net change in fair value of financial assets at fair value through profit or loss	**(17,541)**	(240,491)
Impairment loss on trade receivables under ECL Model	**11,956,757**	—
Recovery of trade receivables	**—**	(25,058)
Recovery of loans receivables	**(852,749)**	(1,426,412)
Net exchange loss	**36,572**	37,683
Impairment loss on held-to-maturity investments	**—**	10,000,000
Operating lease payments in respect of rented premises	**2,840,513**	2,424,517

9. INCOME TAX EXPENSES

	2019	2018
	HK$	*HK$*
Hong Kong Profits Tax		
— current year	**3,111,803**	4,112,980
— under/(over) provision in prior year	**112,965**	(60,000)
Deferred tax		
— current year	**(121,715)**	24,112
	3,103,053	4,077,092

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

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

	2019	2018
	HK$	*HK$*
Profit before tax	**15,621,031**	20,546,301
Tax at the domestic income tax rate of 16.5% (2018:16.5%)	**2,577,467**	3,390,140
Tax effect of expenses not deductible for tax purpose	**230,330**	170,742
Tax effect of income not taxable for tax purpose	**(431,398)**	(363,684)
Tax effect of temporary difference not recognised	**1,547**	(107,145)
Tax effect of tax loss not recognised	**1,042,442**	1,049,900
Utilisation of tax losses previously not recognised	**(430,300)**	(2,861)
Under/(Over) provision in prior year	**112,965**	(60,000)
Tax expenses for the year	**3,103,053**	4,077,092

At 31 March 2019, the Group had estimated tax losses of HK$11,471,387 (2018: HK$7,761,436) available for offset against future profits. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams.

10. DIVIDEND

	2019	2018
	HK$	*HK$*
2018 Final dividend paid — HK1.0 cent per share (2017 Final dividend paid — HK1.0 cent per share)	**22,000,000**	22,000,000

The Board proposed a final dividend of HK1.0 cent per ordinary share for the year ended 31 March 2019 (2018: HK1.0 cent). This proposed final dividend is not reflected as a dividend payable as of 31 March 2019, but will be recorded as a distribution of retained profits for the year ending 31 March 2020.

11. EARNINGS PER SHARE

	2019	2018
	HK$	*HK$*
Profit for the year attributable to owners of the Company	**12,517,978**	16,469,209

	2019	2018
Number of ordinary shares for the purposes of basic earnings per share	**2,200,000,000**	2,200,000,000
Effect of dilutive potential ordinary shares: Share options of the Company	**—**	—
Number of ordinary shares for the purposes of diluted earnings per share	**2,200,000,000**	2,200,000,000

The calculation of basic earnings per share is based on the Group's profit attributable to the owners of the Company of HK$12,517,978 (2018: HK$16,469,209) and the number of ordinary shares of 2,200,000,000 (2018: 2,200,000,000) in issue during the year.

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

The calculation of diluted earnings per share for the year ended 31 March 2019 is based on the profit for the year attributable to owners of the Company of HK$12,517,978 (2018: HK$16,469,209) and the weighted average number of 2,200,000,000 (2018: 2,200,000,000) dilutive potential ordinary shares in issue during the year.

The computation of diluted earnings per share does not assume the exercise of the Group's outstanding share options as the exercise price of those options is higher than the average market price of the Company's shares for 2019.

12. TRADE RECEIVABLES

	2019	2018
	HK$	*HK$*
Trade receivables from the business of dealing in securities:		
— Cash clients	**330,172**	896,480
— Margin clients	**69,914,973**	77,575,448
— Clearing houses and brokers	**12,346,171**	3,398,276
Trade receivables from the business of dealing in futures contracts:		
— Clearing houses	**1,821,194**	1,828,733
Income receivables from the income right	**193,311**	207,145
	84,605,821	83,906,082

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 is one day after the trade date.

Trade receivables from cash clients relate to a wide range of customers for whom there was no recent history of default. These receivables are secured by their portfolios of securities. Cash clients are required to place cash deposits as prescribed in the Group's credit policy before execution of any purchase transactions. Based on past experience and current assessment, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are considered fully recoverable.

Margin clients are required to pledge securities as collateral to the Group in order to obtain credit facilities for securities trading. The amount of credit facilities granted to them is determined by the discounted value of securities accepted by the Group. At 31 March 2019, margin loans due from margin clients were current and repayable on demand except for HK$1,800,000 (2018: HK$12,344,680) where the margin loans were past due. At 31 March 2019, the total market value of securities pledged as collateral in respect of the loans to borrowing margin clients and all margin clients were HK$109,132,311 and HK$163,230,199 respectively (2018: HK$160,030,982 and HK$253,035,978 respectively). Margin loans that were past due but not impaired related to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are considered fully recoverable.

As at 31 March 2019, trade receivables denominated in United States dollars from brokers amounted to approximately HK$nil (2018: HK$2,674,000).

The aging analysis of trade receivables based on the trade date/invoice date and net of impairment loss, as at the reporting date is as follow:

	2019	2018
	HK$	*HK$*
Margin clients balances:		
No due date	**68,114,973**	65,230,768
Past due but not impaired	**1,800,000**	12,344,680
	69,914,973	77,575,448
Cash clients balances:		
No due date	**330,172**	896,480
Past due	**—**	—
	330,172	896,480
Other balances:		
Not yet due (within 30 days)	**14,360,676**	5,434,154
Past due	**—**	—
	14,360,676	5,434,154
	84,605,821	83,906,082

Provision of impairment loss on trade receivables:

	2019	2018
	HK$	*HK$*
Balance at beginning of the year	**2,861,193**	2,886,251
Impairment loss under ECL Model for the year	**11,956,757**	—
Recovery of the year	**—**	(25,058)
	14,817,950	2,861,193

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

	2019	2018
	HK$	*HK$*
Margin clients balances:		
Past due but not impaired		
More than 180 days	**1,800,000**	12,344,680

Impairment under HKFRS 9 for the year ended 31 March 2019

An analysis of changes in the corresponding ECL allowances is as follows:

	Stage 1	**Stage 2**	**Stage 3**	**Total**
	HK$	*HK$*	*HK$*	*HK$*
As at 1 April 2018	—	—	—	—
Arising from margin clients	—	3,492,077	8,464,680	11,956,757
As at 31 March 2019	—	3,492,077	8,464,680	11,956,757
Arising from:				
Margin client receivables	—	3,492,077	8,464,680	11,956,757

The following significant changes in the gross carrying amounts of margin client and cash client receivables contributed to the increase in the loss allowance during the year:

- Arising from margin receivables of HK$27,119,798 to stage 2 and of HK$12,105,956 to stage 3, resulting in an increase in loss allowance of HK$3,492,077 and HK$8,464,680 respectively.

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 has set up credit limit for each individual customer, which is subjected to regular review. Any extension of credit beyond the approved limit has to be approved by relevant level of management on an individual basis according to the amount exceeded. The Group has a policy for reviewing impairment of trade receivables which do not have 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 current credit-worthiness, collateral's value and 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 considered limited due to the customer base being large and unrelated. The Directors believe that a HK$14,817,950 (2018: HK$2,861,193) allowance for impairment was necessary as at 31 March 2019.

13. LOAN RECEIVABLES

	2019	2018
	HK$	*HK$*
Loan advanced	**76,780,408**	66,523,161
Interest receivables	**17,656,197**	10,278,082
	94,436,605	76,801,243

	2019	2018
	HK$	*HK$*
Analysed as:		
Current	**82,257,989**	76,428,583
Non-current	**12,178,616**	372,660
	94,436,605	76,801,243

As at 31 March 2019, secured loans with an aggregate amount of HK$68,068,495 (2018: HK$46,686,105) were secured by marketable securities listed in Hong Kong, unlisted securities in Hong Kong and second legal charges in respect of properties located in Hong Kong. The fair value of the marketable securities listed in Hong Kong at 31 March 2019 held as collateral was HK$47,860,243 (2018: HK$27,188,750). The remaining balance amounted to HK$8,711,913 (2018: HK$30,115,138) was unsecured.

Loan receivables include current and non-current were measured at amortized cost using the effective interest method, less any impairment losses. In accordance with IFRS 9, these loan receivables will continue to be measured at amortized cost because the criteria of the Solely Payments of Principal and Interest test have been met. The fair values of the Group's loan receivables approximate the corresponding carrying amounts of the loan receivables.

The effective interest rates of the Group's loans receivables are 20%–34% per annum (2018: 20%–34% per annum).

As at 31 March 2019, included in the loan receivables was a balance of HK$37,354,831 (2018: HK$9,944,098) which has been past due but not impaired. It is because the loan receivables were fully settled after the end of the reporting period.

Provision of impairment loss on loans receivables:

	2019	2018
	HK$	*HK$*
Balance at beginning of the year	**852,749**	2,279,161
Recovery of loan receivables for the year	**(852,749)**	(1,426,412)
	—	852,749

The loan receivables have been reviewed by the management to assess impairment based on the evaluation of collectability, aging analysis of accounts and management judgements, including the current creditworthiness and the past collection statistics. Taking into account the credit-worthiness of the borrowers, the Directors believe that no allowance for impairment was necessary as at 31 March 2019 (2018: HK$852,749).

14. TRADE PAYABLES

	2019	2018
	HK$	*HK$*
Trade payables from the business of dealing in securities:		
— Cash clients	**31,847,575**	26,261,634
— Margin clients	**115,128,181**	57,320,610
— Clearing houses and brokers	**—**	—
Trade payables from the business of dealing in futures contracts:		
— Margin clients	**3,081,667**	2,806,574
	150,057,423	86,388,818

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

Included in the trade payables to cash clients and margin clients attributable to dealing in securities and futures contracts transaction is an amount of HK$137,691,268 (2018: HK$83,009,627) representing these clients' undrawn monies/excess deposits placed with the Group. The balances are repayable on demand.

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

15. OTHER PAYABLES AND ACCRUALS

	2019	2018
	HK$	*HK$*
Accrued charges	**1,197,215**	1,740,911
Stamp duty, trading levies and trading fee payables	**1,254,725**	824,462
Other payables	**614,207**	112,444
	3,066,147	2,677,817

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

16. BANK BORROWINGS

		2019	2018
	Notes	***HK$***	*HK$*
Bank overdraft	*(a)*	**—**	—
Bank loans			
— Secured	*(b)*	**2,000,000**	—
— Unsecured	*(c)*	**—**	—
		2,000,000	—

Notes:

(a) Bank overdraft carries interest at the rate of 0.75% per annum below the bank's HKD Prime Rate and is secured by a bank deposit of HK$5,000,000 (2018: HK$5,000,000).

(b) Secured bank loan of HK$2,000,000 (2018: HK$nil) carrying interest at the rate of HIBOR plus 2.5% per annum was drawn under the banking facilities of HK$20,000,000 (2018: HK$nil). Pledged bank deposit of HK$5,000,000 (2018: HK$nil) represents deposits pledged to banks to secure bank facilities granted to the Group.

(c) Unsecured bank loan of HK$nil (2018: HK$nil) carrying interest at the rate of HIBOR plus 2.75% per annum was drawn under the aggregated banking facilities of HK$14,500,000 (2018: HK$14,500,000).

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

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

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

17. SHARE CAPITAL

	Number of Ordinary shares HK$0.01 each	*HK$*
Authorised:		
At 1 April 2017, 31 March 2018, 1 April 2018 and 31 March 2019	5,000,000,000	50,000,000
Issued and fully paid:		
At 1 April 2017, 31 March 2018, 1 April 2018 and 31 March 2019	2,200,000,000	22,000,000

MARKET REVIEW

For the year ended 31 March 2019, the three major indexes of United States had good performance. Global financial market became complex and rapidly changing. In Hong Kong, the Hang Seng Index recorded at approximately 29,051 representing approximately 3.5% decrease as compared with approximately 30,093 as at 31 March 2018. But the Hang Seng Index had rebound in the first quarter of 2019. The performance of Hong Kong financial market was affected by China-US trade negotiations and raising interest rate during the reporting period.

BUSINESS REVIEW

Revenue

The Group's total revenue and investment income for the year was approximately HK$50.3 million, as compared with approximately HK$53.2 million in 2018, representing a decrease by approximately 5.5% or approximately HK$2.9 million. The breakdown of revenue and investment income by business activities of the Group is set out below:

	Year ended 31 March 2019 *HK$*	**%**	Year ended 31 March 2018 *HK$*	%	**Increase/ (decrease)** **%**
Revenue					
Commission and brokerage fees from securities dealings on the Stock Exchange	**9,286,317**	**19.3**	9,953,071	19.5	(6.7)
Placing and underwriting commission	**12,950**	**0.0**	280,000	0.5	(95.4)
Commission and brokerage fees from dealing in futures contracts	**618,681**	**1.3**	299,432	0.6	106.6
Commission from securities advisory services	**60,000**	**0.1**	2,300,000	4.5	(97.4)
Other service income	**1,684**	**0.0**	21,780	0.1	(92.3)
Clearing and settlement fee	**3,466,241**	**7.2**	2,889,995	5.7	19.9
Handling service and dividend collection fees	**106,981**	**0.2**	157,087	0.3	(31.9)
Interest income from					
— clients (including margin clients)	**31,319,620**	**65.1**	28,704,899	56.3	9.1
— authorised financial institutions	**303,130**	**0.6**	166,908	0.3	81.6
— others	**605,786**	**1.3**	3,525,642	6.9	(82.8)
Income derived from:					
— Income right	**2,326,646**	**4.8**	2,367,377	4.7	(1.7)
— Film right	**33,110**	**0.1**	39,600	0.1	(16.4)
Market data subscription income	**0**	**0.0**	266,862	0.5	(100.0)
	48,141,146	**100.0**	50,972,653	100.0	(5.6)
Net gain on trading of financial assets at fair value through profit or loss	**2,134,645**	**99.2**	2,021,351	89.4	5.6
Net change in fair value of financial assets at fair value through profit or loss	**17,541**	**0.8**	240,491	10.6	(92.7)
	2,152,186	**100.0**	2,261,842	100.0	(4.8)
	50,293,332		53,234,495		(5.5)

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 decreased by approximately 6.7% from approximately HK$10.0 million for the year ended 31 March 2018 to approximately HK$9.3 million for the year ended 31 March 2019.

The total value of transactions increased by approximately 24.3% from approximately HK$124,978.8 million for the year ended 31 March 2018 to approximately HK$155,399.9 million for the year ended 31 March 2019. The total value of transactions for securities dealings carried out by the Group for the year ended 31 March 2019 increased as compared with 2018. As a result, income relating to clearing and settlement fees and handling services also increased by approximately 17.3% from approximately HK$3.0 million for the year ended 31 March 2018 to approximately HK$3.6 million for the year ended 31 March 2019.

The commission and brokerage fees from dealing in futures contracts increased by approximately 106.6% from HK$0.3 million for the year ended 31 March 2018 to approximately HK$0.6 million for the year ended 31 March 2019.

The interest income derived from cash and margin securities accounts for the year ended 31 March 2019 was approximately HK$10.1 million represents a decrease of approximately 13.3% from that of the year ended 31 March 2018 amounting approximately HK$11.7 million.

The other service income decreased by approximately 92.3% from approximately HK$21,000 for the year ended 31 March 2018 to approximately HK$2,000 for the year ended 31 March 2019.

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 2019 was approximately HK$21.2 million (2018: approximately HK$17.0 million).

Securities Advisory Service

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

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

Commission income derived from securities advisory services for year ended 31 March 2019 was HK$60,000 (2018: HK$2.3 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 2019, the placing and underwriting commission decreased by approximately 95.4% from approximately HK$280,000 for the year ended 31 March 2018 to approximately HK$13,000 for the year ended 31 March 2019.

Investment Holding

The Group maintained a portfolio investments included the holding of listed equity securities, bonds, income right and film right. During the year under review, the Group received annual return (net of PRC tax) of RMB2,004,000 from an income right of the photovoltaic power plant at the rooftop of a factory located at Hunan Province, the PRC. The total value of the Group investment portfolio was approximately HK$58.8 million (2018: approximately HK$67.3 million). As at 31 March 2019, the value of portfolio of listed equity securities was approximately HK$33.5 million (2018: approximately HK$38.6 million). This business segment has recorded revenue of approximately HK$3.0 million (2018: approximately HK$6.0 million). Net gain on trading of financial assets at fair value through profit or loss of approximately HK$2.1 million (2018: approximately HK$2.0 million) and net fair value gain of financial assets at fair value through profit or loss of approximately HK$18,000 (2018: net fair value gain of approximately HK$0.2 million).

Administrative Expenses

During the year ended 31 March 2019, the administrative expenses decreased by approximately 1.9% from approximately HK$24.3 million for the year ended 31 March 2018 to approximately HK$23.8 million for the year ended 31 March 2019.

Liquidity, Financial Resources and Capital Structure

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

The Group maintained approximately HK$21.0 million of bank deposit, bank balances and cash in general accounts as at 31 March 2019. This represented a decrease of approximately 30.1% as compared with the position as at 31 March 2018 of approximately HK$30.1 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 decreased from approximately HK$224.9 million as at 31 March 2018 to approximately HK$223.6 million as at 31 March 2019 which represents a decrease of approximately 0.6%. The current ratio of the Group as at 31 March 2019 was approximately 2.4 times (2018: approximately 3.5 times).

As at 31 March 2019, the Group had available banking facilities of HK$49.5 million and the Group had utilised HK$2.0 million of banking facilities (2018: 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 0.8% (2018: 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 2019, certain bank deposits of the Group's subsidiaries in the aggregate amount of HK$10.0 million (2018: HK$5.0 million) were pledged and corporate guarantee from the Company for securing overdraft and revolving loan facilities amounted to HK$49.5 million (2018: HK$29.5 million) issued by the banks to the Group. As at 31 March 2019, the banking facilities granted by the banks, HK$2 million has been utilised (2018: nil).

Contingent liabilities

As at 31 March 2019, the Group had no material contingent liabilities (2018: nil).

Capital commitments

As at 31 March 2019, the Group had no capital commitments, contracted but not provided in the consolidated financial statements (2018: 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$6.8 million for the year ended 31 March 2019 as compared to approximately HK$6.9 million for the year ended 31 March 2018.

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 2019, 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 2019 and up to the date of this annual report, the Group did not hold any significant investment.

Significant Investment

As at 31 March 2019, there was no significant investment held by the Group.

Foreign exchange exposure

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

RISK MANAGEMENT

Credit Risk

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

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

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

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

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

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

Liquidity Risk

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

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

Foreign Exchange Risk

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

OUTLOOK

The U.S. stock market and Hong Kong stock market both had good performance in the first quarter of 2019. But the persistence of uncertainties in China-US trade negotiations will be the main risk to the global stock market. The Group considers that the outlook of Hong Kong financial market will still remain volatile. 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 2019, the Directors are not aware of any business or interest of the Directors, the controlling shareholder(s) of the Company and their respective close associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the code of conduct for securities transactions by the Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had made specific enquiry to all the Directors and the Directors have confirmed compliance with this code of conduct throughout the financial year ended 31 March 2019. 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 of the Company 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 2019, 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, expect for the following deviation:

Under CG Code Provision A2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between chairman and chief executive should be clearly established and set out in writing.

The Group currently has no chairman. The daily operation and management of the Group is monitored by CEO and executive Directors.

The Board is of the view that although there is no chairman, the balance of power and authority is ensured by the operation of the Board, which comprises experienced individuals who would meet from time to time to discuss issues affecting operation of the Group. This arrangement can still enable the Group to make and implement decisions promptly, and thus achieve the Group's objectives efficiently and effectively in response to the changing environment.

The Group will, the appropriate time, arrange for the election of the new chairman of the Board.

Under CG Code Provision E.1.2, the chairman of the Board did not attend the annual general meeting held on 3 August 2018 due to the fact that he had other business commitments. Another executive Director, Mr. Kwok Kin Chung was elected to chair the annual general meeting.

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 2019.

FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

Directors proposed to declare a final dividend of HK1.0 cent per share for the year ended 31 March 2019, 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 Tuesday, 6 August 2019. 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, 12 August 2019. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed on Monday, 12 August 2019, 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 branch share registrars in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, 9 August 2019.

The proposed final dividend is expected to be made on Monday, 19 August 2019.

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. Chiu Wai Keung and Mr. Wang Rongqian. The audited consolidated results of the Group for the year ended 31 March 2019 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 2019 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
Kwok Kin Chung
Chief Executive Officer

Hong Kong, 24 June 2019

As at the date of this announcement, 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. Chiu Wai Keung, Mr. Poon Wing Chuen and Mr. Wang Rongqian.

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.