ANNUAL REPORT 2013

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

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8098

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.

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CORPORATE INFORMATION

DIRECTORS

Non-executive Director

Mr. Alexis Ventouras *(Chairman)*

Executive Directors

Mr. Kwok Kin Chung *(Chief Executive Officer)*
Mr. Lau Kin Hon
Ms. Yu Linda

Independent Non-executive Directors

Mr. Au-Yeung Tai Hong Rorce
Ms. Choy Wing Man
Mr. Chiu Wai Keung

AUTHORISED REPRESENTATIVES

Mr. Lau Kin Hon
Mr. Chan Kam Wah

AUDIT COMMITTEE MEMBERS

Ms. Choy Wing Man *(Chairman)*
Mr. Au-Yeung Tai Hong Rorce
Mr. Chiu Wai Keung

NOMINATION COMMITTEE MEMBERS

Mr. Chiu Wai Keung *(Chairman)*
Ms. Choy Wing Man
Mr. Kwok Kin Chung

REMUNERATION COMMITTEE MEMBERS

Mr. Au-Yeung Tai Hong Rorce *(Chairman)*
Ms. Choy Wing Man
Mr. Lau Kin Hon

COMPLIANCE OFFICER

Lau Kin Hon, *Practicing solicitor in Hong Kong*

COMPANY SECRETARY

Chan Kam Wah *FCCA, CPA*

AUDITOR

HLM CPA Limited
Certified Public Accountants

COMPLIANCE ADVISOR

VC Capital Limited

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HEADQUARTERS, HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1106, 11th Floor
MassMutual Tower
38 Gloucester Road
Wanchai, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1–1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

Bank of China
Bank of Communications
Dah Sing Bank Limited
Hang Seng Bank
HSBC
Standard Chartered Bank

STOCK CODE

8098

WEBSITE OF THE COMPANY

www.cheongleesec.com.hk

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors (the "Board") of CL Group (Holdings) Limited (the "Company"), I am pleased to present the annual results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2013 to all the shareholders.

During the reporting period, the stock market in Hong Kong lacked retail and institutional interest. Investors were cautions by external global factors: continuous quantitative easing in the United States, the on-going financial crisis in the Euro zone and mixed data coming out of China. For the year ended 31 March 2013, the Group recorded revenue of approximately HK$48.5 million, representing a decrease of approximately 4.7% as compared with the previous financial year. Profit attributable to the owners of the Company in financial year 2013 amounted to approximately HK$22.5 million.

As a financial services group in Hong Kong, the Group will keep on reviewing the existing market and monitor industry development in order to identify and provide more comprehensive services to our customers.

Aligned with our long term strategy, the Group is focusing its efforts to expand its business by broadening the customer base and by strengthening its trading platform. The Group will continue its goals on margin expansion and increasing its loan financing platform to meet the needs and demands of our clients. The Group aims in becoming a leading financial services company in Hong Kong and will continuously review future business opportunities in anticipation of an improving market sentiment and to capitalize on new sources of income in order to further increase the profitability of the Group.

On behalf of the Board, I would like to take this opportunity to thank the shareholders, customers and business partners for their trust in understanding of and support to the Group over the years. Moreover, we would to also thank our staff for their tremendous effort and contribution. With a focused senior management and professional team, I believe the Group will succeed in achieving our business goals and strive for the best returns for our shareholders.

On behalf of the Board

Alexis Ventouras
Chairman

Hong Kong, 24 June 2013

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

During the reporting period, as impacted by the external environment, the stock market in Hong Kong was volatile. With benefit from the hot money inflow to Hong Kong, an upward trend in the stock market was observed in the second half of year 2012. Overall, investors became cautious in investment as particularly affected by the quantitative easing policies in the United States and national policies in China.

As at 28 March 2013, the Hang Seng Index recorded as 22,299 representing approximately 8.5% increase as compared with 20,556 as at 30 March 2012.

The total value of transaction of the Hong Kong stock market for the year ended 31 March 2013 decreased by approximately 15.1% as compared with the year ended 31 March 2012. The average daily value of transaction was approximately HK$56.3 billion.

BUSINESS REVIEW

Turnover

The Group's turnover for the year was approximately HK$48.5 million, as compared with 2012 of approximately HK$50.9 million, decreased by approximately 4.7% or approximately HK$2.4 million. The breakdown of turnover by business activities of the Group is set out below:

	Year ended 31 March				Increase/
	2013		2012		**(decrease)**
	HK$	**%**	*HK$*	%	**%**
Commission and brokerage fee from securities dealings	**3,124,885**	**6.4%**	6,427,540	12.6%	(51.4%)
Commission and brokerage fee from dealing in futures contracts	**365,976**	**0.7%**	883,811	1.7%	(58.6%)
Commission from wealth management business	**919,698**	**1.9%**	77,832	0.1%	1,081.6%
Commission from securities advisory services	**14,700,000**	**30.3%**	15,500,000	30.4%	(5.2%)
Placing and underwriting commission	**8,723,890**	**18.0%**	13,506,990	26.5%	(35.4%)
Clearing and settlement fee	**270,410**	**0.6%**	588,145	1.2%	(54.0%)
Handling service and dividend collection fees	**916,119**	**1.9%**	689,071	1.4%	32.9%
Interest income					
from authorised financial institutions	**1,214,818**	**2.5%**	794,317	1.6%	52.9%
from clients	**18,310,684**	**37.7%**	12,478,837	24.5%	46.7%
from others	**29**	**0.0%**	70	0.0%	(58.6%)
	48,546,509	**100%**	50,946,613	100.00%	

Securities and Futures Brokerage

The commission and brokerage fee from securities dealings decreased by approximately 51.4% from approximately HK$6.4 million for the year ended 31 March 2012 to approximately HK$3.1 million for the year ended 31 March 2013. The total value of transaction decreased by approximately 62.2% from approximately HK$25,147.3 million for the year ended 31 March 2012 to approximately HK$9,500.9 million for the year ended 31 March 2013.

The total value of transactions for securities dealings carried out by the Group for the year ended 31 March 2013 decreased as compared with 2012. As a result, income relating to clearing and settlement fee also decreased by approximately 54.0% from approximately HK$0.6 million for the year ended 31 March 2012 to approximately HK$0.3 million for the year ended 31 March 2013.

The commission and brokerage fee from dealing in futures contracts decreased by approximately 58.6% from approximately HK$0.9 million for the year ended 31 March 2012 to approximately HK$0.4 million for the year ended 31 March 2013.

The commission from wealth management business increased by approximately 1,081.6% from HK$77,832 for the year ended 31 March 2012 to HK$919,698 for the year ended 31 March 2013.

Loan and Financing

Revenue form loan and financing represent interest income from margin financing, IPO financing and loans and advances to customers.

The interest income from margin and loan financing for the year ended 31 March 2013 was approximately HK$18.2 million represents an increase of approximately 73.6% from that of the year ended 31 March 2012 amounting approximately HK$10.5 million.

Securities Advisory Services

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

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

Commission income from securities advisory services decreased by 5.2% from approximately HK$15.5 million for the year ended 31 March 2012 to approximately HK$14.7 million for the year ended 31 March 2013.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

During the year ended 31 March 2013, the placing and underwriting commission decreased by approximately 35.4% from approximately HK$13.5 million for the year ended 31 March 2012 to approximately HK$8.7 million for the year ended 31 March 2013 due to decrease in fund raising activities in Hong Kong.

Administrative Expenses

During the year ended 31 March 2013, the administrative expenses increased by approximately 4.2% from approximately HK$24.0 million for the year ended 31 March 2012 to approximately HK$25.0 million for the year ended 31 March 2013.

Due to the total value of transaction decreased by 62.2% from approximately HK$25,147.3 million for the year ended 31 March 2012 to HK$9,500.9 million for the year ended 31 March 2013. The related expenses such as CCASS charges was decreased by approximately 61.2% from approximately HK$1.1 million for the year ended 31 March 2012 to approximately HK$416,483 for the year ended 31 March 2013.

Staff cost excluding the effects of fair value provision for pre-IPO share options were approximately HK$6.4 million for the year ended 31 March 2013 as compared to approximately HK$6.4 million for the year ended 31 March 2012.

Liquidity, Financial Resources and Capital Structure

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

The Group maintained a strong financial position, with pledged bank deposit and bank balance and cash in general accounts amounting to approximately HK$53.6 million as at 31 March 2013. This represented an increase of approximately 1.02% as compared with the position as at 31 March 2012 of approximately HK$53.0 million. Most of the Group's cash and bank balances in general accounts were denominated in HK dollars.

The net current assets of the Group increased from approximately HK$181.1 million as at 31 March 2012 to approximately HK$185.6 million as at 31 March 2013 which represents an increase of approximately 2.5%. The current ratio of the Group as at 31 March 2013 was approximately 6.6 times (2012: approximately 9.7 times).

The Group had no secured loans (2012: 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 statement of financial position. At the end of the reporting period, the Group has no bank borrowings and, accordingly, the gearing ratio is 0%. (2012: 0%)

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 2013, a bank fixed deposit amounted of HK$5,000,000 have been pledged to secure the overdraft facilities amounting to HK$10.0 million (2012: HK$10.0 million) granted to Cheong Lee.

Contingent liabilities

As at 31 March 2013, the Group had no material contingent liabilities.

Capital commitments

As at 31 March 2013, the Group had no significant capital commitments.

Staff and remuneration policies

As at 31 March 2013, the Group had 23 (2012: 25) employees, including Directors. Total staff costs (including directors' emoluments) were approximately HK$6.4 million for the year ended 31 March 2013 as compared to approximately HK$6.4 million for the year ended 31 March 2012.

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 2013, 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 2013 and up to the date of this announcement, the Group did not hold any significant investment.

Significant Investment

During the year under review there was no significant investment held by the Group.

Foreign exchange exposure

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

Comparison between future plans and prospects and actual business progress

An analysis comparing the future plans and prospects as contained in the Prospectus with the Group's actual business progress for the period from 21 February 2011, being the latest practicable date as defined in the Prospectus, to 31 March 2013 (the "Relevant Period") is set out below:

	Future plans and prospects	**Actual business progress during the Relevant Period**
Entering into the new margin financing business	Contribute funds to conduct margin financing business	The Company injected HK$75.0 million into Cheong Lee Securities Limited running the margin financing business. The margin financing business was commenced since April 2011.
Maintaining and enhancing efficiency of trading platform	Increase number of throttles for Broker Supplied System ("BSS"), upgrade and enhance existing computer system and electronic trading platform and implementation of Enterprise Resource Planning System and maintenance	Plans for computer systems enhancement deferred due to recent global economic uncertainty.
Expanding client network	Conduct initial setup and renovation, settle the relevant expenses and recruitment	Part of the renovation cost was paid. The Group recruited 3 responsible officers, 9 executives, 2 dealers and 3 supporting staff. However, 3 responsible officers, 3 dealers, 5 executives and 2 supporting staff were resigned during the Relevant Period.

Use of proceeds

The net proceeds from the placing (the "Placing") of the shares of the Company listed on the GEM of the Stock Exchange on 8 March 2011 (the "Listing Date") were approximately HK$106.9 million, approximately HK$0.4 million higher than what was anticipated in the Prospectus due to the overestimated the disbursements and public relation costs although the placing price of HK$0.485 was lower than HK$0.4875 used for calculation of proceeds in Prospectus. During the Relevant Period, the net proceeds from the Placing had been applied as follows:

	Planned use of proceeds as stated in the Prospectus during the Relevant Period *HK$'000*	Actual use of proceeds during the Relevant Period *HK$'000*
Entering into the new margin financing business *(note 1)*	75,000	75,000
Maintaining and enhancing efficiency of trading platform *(note 2)*	8,800	436
Expanding client network *(note 3)*	13,700	8,166
Total	97,500	83,602

notes:

The future plans and prospects as stated in the Prospectus were based on the best estimation of the future market conditions made by the Group at the time of preparing the Prospectus. The use of proceeds was applied in accordance with the actual development of the market.

1. The margin financing business was commenced since April 2011 and HK$75.0 million was injected to Cheong Lee Securities Limited running the margin financing business.

2. Due to recent global economic uncertainty, the plans for upgrading computer systems and trading platform and implementation of Enterprise Resource Planning System will be deferred. Some small scale replacement of server and networking was preformed.

3. For expanding client network, the office renovation work is carrying out as per schedule. Part of the renovation cost was paid. The Group recruited 3 responsible officers, 9 executives, 2 dealers and 3 supporting staff. However, 3 responsible officers, 3 dealers, 5 executives and 2 supporting staff was resigned during the Relevant Period. Since the job market in Hong Kong is competitive, the Group will put more efforts on recruitment process.

The remaining net proceeds as at 31 March 2013 was placed as interest bearing deposit in licensed banks in Hong Kong.

RISK MANAGEMENT CREDIT RISK

Credit Risk

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

For account 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 account receivables from clients is considered as small.

For account 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 account 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 loan 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 loan 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 loan 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

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

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK

Over the past year, Hong Kong financial market was volatile. With the threats from US and Europe financial tensions as well as the concern on the sustainability of China's economic growth, investors are looking forward a stronger and vital signal of recovery. Under the volatile financial environment, the Board believes that the Group's business will sustain well despite the unstable economic conditions. The Group will continue to grow its brokerage business and placing and underwriting business by broadening clients base and by strengthening its trading platform. The Group will continue to put efforts on expanding the margin and loan financing business and securities advisory services and on satisfying the needs of clients.

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

CORPORATE GOVERNANCE REPORT

Pursuant to Rule 18.44 of the GEM Listing Rules, the Board is pleased to present this corporate governance report for the year ended 31 March 2013. This report highlights the key corporate governance practices of the Company.

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 financial year ended 31 March 2013, the Company has complied with all the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 15 of the GEM Listing Rules.

CORPORATE GOVERNANCE STRUCTURE

The Board is primarily responsible for formulating strategies, monitoring performance and managing risks of the Group. At the same time, it also has the duty to enhance the effectiveness of the corporate governance practices of the Group. Under the Board, there are 3 board committees, namely audit committee, remuneration committee and nomination committee. All these committees perform their distinct roles in accordance with their respective terms of reference and assist the Board in supervising certain functions of the senior management.

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 2013. No incident of non-compliance was noted by the Company during this period.

BOARD OF DIRECTORS

At present, the Board of the Company comprises seven members as follows:

Non-executive Director

Mr. Alexis Ventouras *(Chairman)*

Executive Directors

Mr. Kwok Kin Chung *(Chief Executive Officer)*
Mr. Lau Kin Hon
Ms. Yu Linda

Independent non-executive Directors

Mr. Au-Yeung Tai Hong Rorce
Ms. Choy Wing Man
Mr. Chiu Wai Keung

Biographical details of the Directors are set out in the section of "Biographical Details of Directors and Senior Management" on pages 20 and 21.

The Board has the responsibility for leadership and control of the Company. They are collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs. The Board is accountable to shareholders for the strategic development of the Group with the goal of maximising long-term shareholder value, while balancing broader stakeholder interests.

The Board meets regularly on a quarterly basis. Apart from the regular board meetings of the year, the Board also meets on other occasions when a Board-level decision on a particular matter is required. All Directors are provided with details of agenda items for decisions making with reasonable notice. Directors have access to the advice and services of the Company Secretary who is responsible for ensuring that the Board procedures are complied with and advising the Board on compliance matters. Directors are also provided with access to independent professional advice, where necessary, in carrying out their obligations as Directors of the Company, at the expense of the Company. Directors who are considered to have conflict of interests or material interests in the proposed transactions or issues to be discussed would not be counted in the quorum of meeting and would abstain from voting on the relevant resolution.

Generally, the responsibilities of the Board include:

- Formulation of operational strategies and review of its financial performance and results and the internal control systems;
- Policies relating to key business and financial objectives of the Company;
- Material acquisitions, investments, disposal of assets or any significant capital expenditure;
- Appointment, removal or reappointment of Board members and auditors;
- Remuneration of Directors;
- Communication with key stakeholders, including shareholders and regulatory bodies; and
- Recommendation to shareholders on final dividend and the declaration of any interim dividends.

The posts of Chairman and Chief Executive Officer are separated to ensure a clear division between the Chairman's responsibility to manage the Board and the Chief Executive Officer's responsibility to manage the Company's business. The separation ensures a balance of power and authority so that power is not concentrated in any one individual.

All Directors assume the responsibilities to the shareholders of the Company for the well-being and success of the Company. They are aware of their duties to act in good faith and in the best interests of the Company.

CORPORATE GOVERNANCE REPORT

The Board is responsible for maintaining proper accounting records so as to enable the Directors to monitor the Company's overall financial position. The Board updates shareholders on the operations and financial position of the Group through quarterly, half yearly and annual results announcements as well as the publication of timely announcements of other matters as prescribed by the relevant rules and regulations.

The Company has three independent non-executive Directors, at least one of whom has appropriate financial management expertise, in compliance with the GEM Listing Rules. Each of the independent non-executive Director has made an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company is of the view that all independent non-executive Directors meet the independence guidelines set out in Rule 5.09 of the GEM Listing Rules and are independent in accordance with the terms of the guidelines.

According to the Company's articles of association, newly appointed Directors shall hold office until the next following general meeting and shall be eligible for re-election at that meeting. Every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

DIRECTORS' ATTENDANCE RECORD AT MEETINGS

The Board meets regularly over the Company's affairs and operations. Details of the attendance of each member of the Board at the meetings of the Board the general meetings during the year ended 31 March 2013 are as follows:

	Attendance/Number of meetings		
Name of Directors	**Regular Board meetings**	**Additional Board meetings**	**General Meetings**
Non-Executive Director			
Mr. Alexis Ventouras *(Chairman)*	4/4	2/2	1/1
Executive Directors			
Mr. Kwok Kin Chung *(Chief Executive Officer)*	4/4	2/2	1/1
Mr. Lau Kin Hon	4/4	2/2	1/1
Ms. Yu Linda	4/4	2/2	1/1
Independent non-executive Directors			
Mr. Au-Yeung Tai Hong Rorce	4/4	2/2	0/1
Ms. Choy Wing Man	2/4	2/2	0/1
Mr. Chiu Wai Keung	4/4	2/2	0/1

TRAINING AND SUPPORT OF DIRECTORS

All Directors have been given relevant guideline materials regarding the duties and responsibilities of being a Director, the relevant laws and regulations applicable to the Directors, duty of disclosure of interest and business of the Group and such induction materials will also be provided to newly appointed Directors shortly upon their appointment as Directors. All Directors have been updated on the latest developments regarding the GEM Listing Rules and other applicable regulatory requirement to ensure compliance and enhance their awareness of good corporate governance practices. There is a procedure agreed by the Board to ensure Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expenses.

The Directors confirmed that they have complied with the Code Provision A.6.5 of the Code effective on 1 April 2012 on Directors' training.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Pursuant to the code provision A.2.1, the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and Chief Executive Officer should be clearly established and set out in writing.

Mr. Alexis Ventouras, being the non-executive chairman, is responsible for chairing meetings of the Board while Mr. Kwok Kin Chung, being the chief executive officer, is delegated with the authority and responsibility of overall management of daily operations.

The Company has complied with the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules throughout the period under review.

NON-EXECUTIVE DIRECTORS

Under the Code Provision A.4.1, all the non-executive Directors should be appointed for a specific term, subject to re-election. Each of the independent non-executive Directors has entered into a service contract with the Company for an initial term of one year renewable for the year upon the expiration of the initial term and each subsequent one year term subject to termination in certain circumstance as stimulated in the relevant service contracts. At each annual general meeting, one third of the Directors for the time being (of if their number is not a multiple of three, then the number nearest to but not less than one third) will retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

REMUNERATION COMMITTEE

A remuneration committee was set up on 21 February 2011 to oversee the remuneration policy and structure for all Directors and senior management.

The remuneration committee comprises one executive Director and two independent non-executive Directors, namely Mr. Au-Yeung Tai Hong Rorce, Mr. Lau Kin Hon and Ms. Choy Wing Man and is chaired by Mr. Au-Yeung Tai Hong Rorce.

The terms of reference of the Remuneration Committee are aligned with the provisions set out in the CG Code. The role of the Remuneration Committee is to recommend to the Board a framework for remunerating the Directors and key executives and to determine specific remuneration packages for them. They are provided with sufficient resources by the Company to discharge its duties.

For the year ended 31 March 2013, the Remuneration Committee held 1 meeting to review and discuss remuneration matters of the Group. The individual attendance of the Committee members is set out below:

Name of committee member	Number of meetings held	Number of meetings attended
Mr. Au-Yeung Tai Hong Rorce *(Chairman)*	1	1
Mr. Lau Kin Hon	1	1
Ms. Choy Wing Man	1	1

NOMINATION COMMITTEE

The Board is empowered under the Company's articles of association to appoint any person as a director to fill a casual vacancy on or as an additional member of the Board. Qualified candidates will be proposed to the Board for consideration and the selection criteria are based on the assessment of their professional qualifications and experience, character and integrity.

The Company has established a nomination committee on 21 February 2011 for making recommendations to the Board on appointment of Directors and succession planning for the Directors. The terms of reference of the nomination committee are aligned with the provisions set out in CG Code.

The nomination committee comprises one executive Director and two Independent non-executive Directors, namely Mr. Chiu Wai Keung, Ms. Choy Wing Man and Mr. Kwok Kin Chung. Mr. Chiu Wai Keung is the Chairman of the nomination committee.

For the year ended 31 March 2013, the Nomination Committee held 1 meeting to review and discuss nomination matters of the Group. The individual attendance of the Committee members is set out below:

Name of committee member	Number of meetings held	Number of meetings attended
Mr. Chiu Wai Keung *(Chairman)*	1	1
Mr. Kwok Kin Chung	1	1
Ms. Choy Wing Man	1	1

AUDIT COMMITTEE

The Company has established an Audit Committee on 21 February 2011 with written terms of reference that set out the authorities and duties of the Audit Committee adopted by the Board. The audit committee comprises the three independent non-executive Directors and headed by Ms. Choy Wing Man who has appropriate professional qualifications and experience in financial matters. The terms of reference of the Audit Committee are aligned with the provisions set out in the CG Code. The audit committee performs, amongst others, the following functions:

- Consider and recommend to the Board the appointment, re-appointment and removal of the external auditor, to approve the remuneration and terms of engagement of the external auditor and address any questions of resignation or dismissal of such auditor;

- ensure that co-operation is given by the Company's management to the external auditors where applicable;

- review the Group's quarterly, half yearly and annual results announcements and the financial statements prior to their recommendations to the Board for approval;

- review the Group's financial reporting process and internal control system; and

- review of transactions with interested persons.

For the year ended 31 March 2013, the Committee met on 4 occasions and up to the date of this annual report, the Audit Committee has reviewed the consolidated financial statements, including the accounting principles and practices adopted by the Group, which was of the opinion that such reports were prepared in accordance with the applicable accounting standard and requirements. The Audit Committee has also discussed with the Group's independent auditor and considers the system of the internal control of the Group to be effective and that the Group had adopted the necessary control mechanisms to its financial, operational, statutory compliance and risk management functions. The individual attendance of the Committee members is set out below:

Name of committee member	**Number of meetings held**	**Number of meetings attended**
Ms. Choy Wing Man *(Chairman)*	4	2
Mr. Au Yeung Tai Hong Rorce	4	4
Mr. Chiu Wai Keung	4	4

AUDITOR'S REMUNERATION

The Audit Committee is responsible for considering the appointment of the external auditors and reviewing any non-audit functions performed by the external auditors, including whether such non-audit functions could lead to any potential material adverse effect on the Company.

For the financial year ended 31 March 2013, the remuneration paid/payable to the auditor of the Group is set out as follows:

Services rendered	Paid/payable
	HK$
Statutory audit services	448,000
Non-statutory audit services	65,000
	513,000

INTERNAL CONTROLS

The Board reviews the adequacy and effectiveness of the Company's internal financial controls, operational and compliance controls, and risk management policies and systems established by the management of the Company (collectively "internal controls").

The Board is responsible for the overall internal control framework and is fully aware of the need to put in place a system of internal controls within the Group to safeguard the interests of the Company's shareholders and the Group's assets, and to manage risks. The Board also acknowledges that no cost effective internal control system will preclude all errors and irregularities. A system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

INTERNAL AUDIT

The Company does not have in place an independent internal audit function as the board is of the view that the appointment is not imminent under current circumstances, taking into account the current operate structure and scope of the Group's operations.

The Group's external auditors, HLM CPA Limited, contribute an independent perspective on relevant internal controls arising from their audit and report findings to the audit committee.

DIRECTORS AND OFFICERS INSURANCE

Appropriate insurance cover on directors' and officers' liabilities have been in force to protect the directors and officers of the Group from their risk exposure arising from the business of the Group.

DIRECTORS RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors are ultimately responsible for the preparation of the financial statements for each financial year which gives a true and fair view. In preparing the financial statements, appropriate accounting policies and standard are selected and applied consistently.

The statement of the auditor of the Company about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on pages 32 and 33 of this annual report.

COMPANY SECRETARY

Mr. Chan Kam Wah ("Mr. Chan") is the Company Secretary of the Company. He is responsible for ensuring that the board policy and procedures are followed and that the Board is briefed on legislative, regulatory and corporate governance developments.

Up to the date of this report, Mr. Chan has undertaken not less than 15 hours of relevant professional training.

INVESTORS RELATIONS

The Company adheres to high standards with respect to the disclosure all necessary information to the shareholders in compliance with GEM Listing Rules. The Company strengthens its communications with shareholders through various channels including publication of interim and annual reports, press release and announcements of the latest development of the Company in its corporate website in a timely manner.

SHAREHOLDERS' RIGHTS

Under the Company's Articles of Association, in addition to regular Board meetings, the Board, on the requisition of shareholders of the Company holding not less than one-tenth of the paid-up capital of the Company, may convene a extraordinary general meeting to address specific issues of the Company within 21 days from the date of deposit of written notice to the registered office of the Company. The requisition must state the purposes of the meeting, and must be signed by the requisitionist(s).

Shareholders may send their enquiries requiring the Board's attention to the Company Secretary at the Company's principal office address at Room 1106, 11th Floor, MassMutual Tower, 38 Gloucester Road, Wanchai, Hong Kong.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

NON-EXECUTIVE DIRECTOR

Mr. Alexis Ventouras, aged 45, is the Chairman and a non-executive Director of the Company. Mr. Ventouras was redesignated from executive director to non-executive director of the Company with effect from 12 December 2012. Mr. Ventouras obtained a Bachelor degree in Economics from University of British Columbia, Vancouver, Canada. He is responsible for formulating corporate strategies and overall management of the Group. He joined the Group in March 2012. Mr. Ventouras has over 20 years' experience in the financial industry.

EXECUTIVE DIRECTORS

Mr. KWOK Kin Chung, aged 38, is the Chief Executive Officer of the Company and an executive Director and a director and Responsible Officer of Cheong Lee. He has obtained a Master degree in Finance in 2006 from Curtin University of Technology of Australia and a professional diploma in Corporate Finance from The Hong Kong Management Association. Mr. Kwok is responsible for managing daily operations and supervising dealing staff. He joined the Group in July 2010. Mr. Kwok has over 12 years of experience in securities and derivatives dealing.

Mr. LAU Kin Hon, age 45, is an executive Director and a director of Cheong Lee. Mr. Lau is a practicing solicitor in Hong Kong. Mr. Lau obtained a bachelor of laws degree with honours from University College, London, U.K.. Mr. Lau is responsible for managing the compliance function of the Group and the provision of advice to the Group on legal and regulatory compliance matters. He joined the Group in January 2008. Mr. Lau has over 17 years experience in legal and compliance. He is a non-executive director of Lisi Group (Holdings) Limited (stock code: 526), non-executive director of TLT Lottotainment Group Limited (stock code: 8022) and independent non-executive director of Mingfa Group (International) Company Limited (stock code: 846), all of which are listed on the stock Exchange of Hong Kong.

Ms. YU Linda, aged 40, is an executive Director and a director and Responsible Officer of Cheong Lee. Ms. Yu is responsible for the Company's business development, marketing, maintenance of clients' relations and such other matters as the Board shall from time to time direct. She joined the Group in October 2007. Ms. Yu has over 15 years of experience in the securities industry.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. AU-YEUNG Tai Hong Rorce, aged 55, is an independent non-executive Director appointed on 21 February 2011. He obtained a Bachelor's Degree in Science (Business Administration (Accounting)) from San Jose State University and a Juris Doctor from Santa Clara University of the United States of America. Mr. Au-Yeung was admitted as an attorney and counselor at law of the State Bar of California on 11 December 1989. He currently is the Chief Executive Officer of Nova Solar Limited.

Ms. CHOY Wing Man, aged 35, is an independent non-executive Director appointed on 21 February 2011. Ms. Choy obtained a Bachelor of Commerce in Accounting and Finance from the University of New South Wales, Australia. She is a member of ISACA, the Information Systems Audit and Control Association, a Certified Practising Accountant of CPA Australia, and a member of the Institute of Internal Auditors. She is also a member of the Hong Kong Institute of Certified Public Accountants. Ms. Choy has over 4 years experience in an international accounting firm and has worked in an international high fashion company as Regional Auditor for more than 8 years. Ms. Choy currently is the Principal of A&CW CPA (Practising) Limited.

Mr. CHIU Wai Keung, aged 51, is an independent non-executive Director appointed on 15 August 2011. He obtained a Higher Certificate of Electronic Engineering from The Hong Kong Polytechnic University. Mr. Chiu currently is the General Manager of a Medical Science and technology company in the PRC.

SENIOR MANAGEMENT

Mr. CHAN Kam Wah, aged 37, is the Financial Controller and Company Secretary of the Group. He joined the Group in May 2010 and is responsible for the overall accounting and financial management functions. Mr. Chan has obtained a Bachelor's degree in Accounting from Napier University, Edinburgh of Scotland. He is also a fellow of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Chan has over 10 years of experience in accounting and finance.

REPORT OF DIRECTORS

REPORT OF DIRECTORS

The Directors of the Company ("Directors") submit herewith their annual report together with the audited consolidated financial statements for the year ended 31 March 2013.

REORGANISATION

The Company was incorporated in Cayman Islands with limited liability on 27 August 2010. 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 28 February 2011 (the "Prospectus"). The Company's shares have been listed on the GEM of the Stock Exchange since 8 March 2011.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and the principal activities of its subsidiaries are set out in Note 39 to the consolidated financial statements. There were no significant changes in nature of Group's principal activities during the year.

SEGMENT INFORMATION

An analysis of the Group's consolidated turnover and contribution to operating profit for the year by principal activities is set out in Note 9 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2013 and the state of the affairs of the Group at that date are set out in the consolidated financial statements on pages 34 to 102.

The Directors proposed to declare a final dividend of HK2.0 cents per ordinary share for the year ended 31 March 2013, which will be subject to approval by our Shareholders at the forthcoming annual general meeting of our Company to be held on 1 August 2013. If approved, the proposed final dividend will be paid to our Shareholders on or before 14 August 2013.

PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries of the Company as at 31 March 2013 are set out in Note 39 to the consolidated financial statements.

PLANT AND EQUIPMENT

Details of the movements in plant and equipment of the Group and of the Company are set out in Note 17 to the consolidated financial statements.

RESERVES

Movements in the reserves of the Group and of the Company during the year are set out in consolidated statement of changes in equity on page 37 and Note 31 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

At 31 March 2013, the Company's reserve available for distribution, calculated in accordance with the Companies Law of Cayman Islands, amounted to approximately HK$146.3 million. This includes the Company's share premium in the amount of approximately HK$112.5 million at 31 March 2013, which may be distributable provided that immediately follow the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

DONATION

The Group's charitable and other donations during the year amounted to HK$324,397 (2012: HK$106,750). No donations were made to political parties.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year, together with reasons therefore, are set out in Note 30 to the consolidated financial statements.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group for last five financial years is set out on page 103.

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of turnover for the year attributable to the Group's major customers is as follows:

–	the largest customer	16.2%
–	five largest customers combined	46.2%

To the best of the Directors' knowledge, none of the Directors, their associates or any shareholder who owns more than 5% of the Company's share capital had an interest in any of the major customers above.

The Group had no major supplier due to the nature of principal activities of the Group.

DIRECTORS

The Directors of the Company during the year and up to the date of this report were:

Mr. Alexis Ventouras *(Chairman)*
Mr. Kwok Kin Chung *(Chief Executive Officer)*
Mr. Lau Kin Hon
Ms. Yu Linda
Mr. Au Yeung Tai Hong Rorce*
Ms. Choy Wing Man*
Mr. Chiu Wai Keung*

* *Independent Non-executive Director*

All the Directors shall retire at the forthcoming annual general meeting in accordance with Article 39 of the Company's Articles of Association and, being eligible, offer themselves for re-election.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical information of the Directors and senior management of the Group are set out on pages 20 to 21 of this annual report.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2013, save for the interest of the directors in share options as below, neither of the Directors nor the Chief Executive of the Company had interests and short positions in the shares of the Company ("Shares"), underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) ("SFO") which (i) are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) were recorded in the register required to be kept under Section 352 of the SFO, or (iii) have to be notified to the Company and the Stock Exchange pursuant to the required standards of dealing by directors as referred to in Rule 5.46 of the GEM Listing Rules.

LONG POSITION IN SHARES, UNDERLYING SHARES OF THE COMPANY

Share Option

As at 31 March 2013, there were a total of 1,500,000 outstanding share options of the Company granted to the Directors of the Company, details of which are summarised in the following table:

Director	Date of grant (dd/mm/yyyy)	Outstanding as at 1 April 2012	Granted during the year	Exercised during the year	Lapsed/ Expired during the year	Outstanding as at 31 March 2013	Option exercise period (dd/mm/yyyy)	Exercise price per share	Approximate percentage of shareholding
		Options to Subscribe for Shares of the Company							
Yu Linda	25/02/2011	500,000	–	–	500,000	–	08/03/2012 to 07/03/2013	HK$0.4850	–
	25/02/2011	1,000,000	–	–	–	1,000,000	08/03/2013 to 07/03/2014		0.10%
						1,000,000			0.10%
Lau Kin Hon	25/02/2011	500,000	–	–	500,000	–	08/03/2012 to 07/03/2013	HK$0.4850	–
	25/02/2011	500,000	–	–	–	500,000	08/03/2013 to 07/03/2014		0.05%
						500,000			0.05%
Kwok Kin Chung	25/02/2011	500,000	–	–	500,000	–	08/03/2012 to 07/03/2013	HK$0.4850	–
Total		3,000,000	–	–	1,500,000	1,500,000			0.15%

note:

The above share options were granted pursuant to the Company's pre-IPO share option scheme adopted on 22 February 2011.

Each of the grantees to whom options have been conditionally granted under the Pre-IPO Share Option Scheme will be entitled to exercise the options in the following manner:

(i) a maximum of 500,000 of share under the options granted to him, or if the number of the shares under the options granted to him is less than 500,000, his maximum entitlements under the options granted to him, at any time during the period on or after from the date falling on the first anniversary of the Listing Date to the date of the second anniversary of the Listing Date; and

(ii) the remaining share, if any, under the options granted to him at any time during the period on or after the date falling on the date of the second anniversary of the Listing Date to the date immediately before the third anniversary of the Listing Date.

Save as disclosed above, none of the Directors or the Chief Executives of the Company had any interest or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations at 31 March 2013.

REPORT OF DIRECTORS

DIRECTORS' SERVICE CONTRACTS

Each of the independent non-executive Directors has entered into a service contract with the Company for an initial term of one year renewable for the year upon the expiration of the initial term and each subsequent one year term subject to termination in certain circumstance as stimulated in the relevant service contracts.

No Director has a service contract with the Company which is for a duration that may exceed 3 years or which requires the Company to, in order to terminate such contract, give a notice period of more than 1 year or pay compensation or make other payment equivalent to more than 1 years emolument.

As at 31 March 2013, none of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Company's business to which the Company, its holding company, subsidiaries or fellow subsidiaries was a party and in which any Directors of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 5.09 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. The Company considers all of the independent non-executive Directors are independent.

EMOLUMENT POLICY

The Company's policy concerning the remuneration of the Directors is that the amount of remuneration is determined by reference to the relevant Director's experience, responsibilities, workload and the time devoted to the Group.

Employees' 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.

The Company has adopted a Share Option Scheme as an incentive to Directors and eligible employees details of the scheme is set out in Note 33 to the consolidated financial statements.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the paragraph headed "Directors' and Chief Executives' interests and short positions in shares, underlying shares and debentures" above and the "Share option scheme" below, at no time during the year have rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate granted to any director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors, their spouse or children under 18 years of age to acquire such rights in any other body corporate.

SHARE OPTION

The Company adopted the Share Option Scheme on 22 February 2011, which was approved by the shareholders' written resolutions, is valid and effective for a period of 10 years. It is a share incentive scheme and is established to recognise and acknowledge the contribution that the eligible participants have or may have made to the Group. Pursuant to the Share Option Scheme, the Board may, at its discretion, offer to grant an option to any Director, employee, advisor, consultant, distributor, contractor, supplier, customer, agent, business partner, joint venture business partner, promoter, service provider of any member of the Group.

The total number of shares in respect of which share options may be granted under the Share Option Scheme is not permitted to exceed 100,000,000 shares, representing 10% of the total number of shares of the Company as at 31 March 2013.

The total number of shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme to eligible participants in any 12 months period up to the date of grant shall not exceed 1% of the Shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to the approval of shareholders in a general meeting.

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall not be less than the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of grant; or (iii) the nominal value of a Share.

The following table discloses movements in the Company's share option during the year.

		Options to Subscribe for Shares of the Company							
Director	**Date of grant (dd/mm/yyyy)**	**Outstanding as at 1 April 2012**	**Granted during the year**	**Exercised during the year**	**Lapsed/ Expired during the year**	**Outstanding as at 31 March 2013**	**Option exercise period (dd/mm/yyyy)**	**Exercise price per share**	**Approximate percentage of shareholding**
Yu Linda	25/02/2011	500,000	–	–	500,000	–	08/03/2012 to 07/03/2013	HK$0.4850	–
	25/02/2011	1,000,000	–	–	–	1,000,000	08/03/2013 to 07/03/2014		0.10%
						1,000,000			0.10%
Lau Kin Hon	25/02/2011	500,000	–	–	500,000	–	08/03/2012 to 07/03/2013	HK$0.4850	–
	25/02/2011	500,000	–	–	–	500,000	08/03/2013 to 07/03/2014		0.05%
						500,000			0.05%
Kwok Kin Chung	25/02/2011	500,000	–	–	500,000	–	08/03/2012 to 07/03/2013	HK$0.4850	–
Total		3,000,000	–	–	1,500,000	1,500,000			0.15%

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2013, according to the register of interests kept by the Company under Section 336 of the SFO, the following parties (in addition to those disclosed above in respect of the Directors and Chief Executive of the Company) had interests or short positions in the shares or underlying shares of the Company which were required to be recorded in the register and/or were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group:

Long position in shares of the Company

Name of shareholder	Number of shares	Approximate percentage holding
Zillion Profit Limited	750,000,000	75%
Ms. Au Suet Ming Clarea *(note i)*	750,000,000	75%

note:

(i) Ms. Au Suet Ming Clarea is deemed to be interested in 750,000,000 shares through her controlling interest (100%) in Zillion Profit Limited.

Save as disclosed above, as at 31 March 2013, the Directors are not aware of any other persons who had interests or short positions in the shares or underlying shares of the Company which were interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group or any persons (not being a Director) have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions in Divisions 2 and 3 of Part XV of the SFO.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company or its subsidiaries were entered into or existed during the year.

RETIREMENT BENEFIT SCHEME

Particulars of the retirement benefit scheme of the Group are set out in Note 34 to the consolidated financial statements.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Non-exempt One-off Connected Transactions

For the year ended 31 March 2013, the Company has not entered into any non-exempt one-off connected transactions which were subject to the reporting, annual review, announcement and/or independent shareholders' approval requirements under the GEM Listing Rules.

Non-exempt Continuing Connected Transactions

The following is a summary of the non-exempt continuing connected transactions of the Group entered into during the year ended 31 March 2013:

Cheong Lee has entered into a brokerage services agreement ("Ms. Au's Brokerage Services Agreement") with Ms. Au Suet Ming Clarea ("Ms. Au"), the ultimate controlling shareholder of the Company, on 22 February 2011, pursuant to which Cheong Lee may, upon request, provide or Cheong Lee may procure any other company amongst the Group to provide to Ms. Au (including her associates) the brokerage services, from time to time on normal commercial terms and at rates comparable to rates offered to other customers of the Group who are independent third parties (as defined under the GEM Listing Rules) of similar transaction turnover and/or credit standing, trading record and quality of collaterals given, and in accordance with the relevant policy of the Group from time to time. Ms. Au's Brokerage Services Agreement is for a term commencing from the Listing Date and ending on 31 March 2013 and the transaction amount should not exceed HK$4.8 million for each of the three years ending 31 March 2013. The total commission paid by Ms. Au's and/or her associates for the brokerage services provided by the Group amounted to HK$420,953 for the year ended 31 March 2013 which is also set out in Note 38(a) to the consolidated financial statements on page 100 of this annual report.

Save for the above, related party transactions entered by the Group during the year as disclosed in Note 38(a) to the consolidated financial statements, constitute connected transactions under the GEM Listing Rules.

Agreed upon procedures performed by the auditor

The Company has engaged its auditor to perform certain agreed-upon procedures in respect of continuing connected transactions of the Group. The procedures, where applicable, were performed solely to assist the Directors of the Company to evaluate, in accordance with Rule 20.38 of the GEM Listing Rules, whether the continuing connected transactions entered into by the Group for the Year:

(i) have been approved by the Board of Directors;

(ii) have been entered into in accordance with the terms of the agreement governing the transactions;

(iii) have been entered into in accordance with the pricing policies in respect of securities trading commissions, futures and options trading commission of the Group; and

(iv) have not exceeded the relevant cap amounts for the year in the Prospectus dated 22 February 2011.

The auditor has issued an unqualified letter containing the findings and conclusions in respect of the continuing connected transactions in accordance with Rule 20.38 of the GEM Listing Rules. A copy of the auditor's letter have been provided by the Company to the Stock Exchange.

CONFIRMATION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors have reviewed the above continuing connected transactions and confirmed that these transactions have been entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms or on terms no less favourable to the Group than terms available to independent third parties (as defined under the GEM Listing Rules); and

(iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Save as disclosed above, no contracts of significance to which the Company or its subsidiaries or holding company or a subsidiary of the Company's holding company is a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

COMPETING INTERESTS

For the year ended 31 March 2013, 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.

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 2013.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association and there is no restriction against such rights under the laws of the Cayman Islands.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company as at the date of this report, the Company has maintained the prescribed public float under the GEM Listing Rules.

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 2013.

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.

REPORT OF DIRECTORS

AUDITORS

The consolidated financial statement for the year ended 31 March 2011 and 2012 were audited by HLM & Co., On 7 February 2013, HLM & Co., resigned as the auditor due to change of entity status from partnership to limited company.

The consolidated financial statements for the year ended 31 March 2013 were audited by HLM CPA Limited who will retire and seek for re-election at the forthcoming annual general meeting.

On behalf of the board

Alexis Ventouras
Chairman

Hong Kong, 24 June 2013

INDEPENDENT AUDITOR'S REPORT

恒健會計師行有限公司
HLM CPA LIMITED
Certified Public Accountants

Room 305, Arion Commercial Centre
2-12 Queen's Road West, Hong Kong.
香港皇后大道西2-12號聯發商業中心305室
Tel 電話: (852) 3103 6980
Fax 傳真: (852) 3104 0170
E-mail 電郵: hlm@hlm.com.hk

TO THE MEMBERS OF CL GROUP (HOLDINGS) LIMITED
昌利（控股）有限公司
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of CL Group (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 34 to 102, which comprise the consolidated statement of financial position as at 31 March 2013, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the Group's state of affairs as at 31 March 2013, and of its profits and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

HLM CPA Limited
Certified Public Accountants

Chan Lap Chi
Practising Certificate Number: P04084

Hong Kong, 24 June 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2013

	Notes	2013 HK$	2012 HK$
Turnover	7	**48,546,509**	50,946,613
Net other income	8	**4,060,824**	535,662
Impairment loss on goodwill		**(531,658)**	–
Administrative expenses		**(24,979,444)**	(23,965,504)
Finance costs	10	**–**	(13)
Profit before tax	11	**27,096,231**	27,516,758
Income tax expenses	14	**(4,602,219)**	(4,808,216)
Profit and total comprehensive income for the year		**22,494,012**	22,708,542
Profit (loss) and total comprehensive income (expenses) for the year attributable to:			
Owners of the Company		**22,491,674**	22,749,213
Non-controlling interests		**2,338**	(40,671)
		22,494,012	22,708,542
Earnings per share			
– Basic	16	**2.25 cents**	2.27 cents
– Diluted	16	**2.25 cents**	2.27 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2013

	Notes	2013 HK$	2012 HK$
Non-current assets			
Plant and equipment	17	**769,047**	1,975,367
Intangible assets	18	**69,780**	139,560
Other assets	19	**1,705,000**	1,731,119
Goodwill	20	**–**	531,658
		2,543,827	4,377,704
Current assets			
Trade receivables	21	**84,090,495**	103,813,126
Loan receivables	22	**28,386,650**	13,023,226
Other receivables, deposits and prepayments	23	**2,586,002**	2,655,546
Financial assets at fair value through profit or loss	24	**15,778,223**	11,082,125
Tax refundable		**11,072**	928,610
Other investment	25	**3,807,000**	–
Pledged bank deposit	26	**5,000,000**	5,000,000
Bank balances and cash – trust accounts	26	**30,428,353**	17,489,491
Bank balances and cash – general accounts	26	**48,563,330**	48,023,254
		218,651,125	202,015,378
Current liabilities			
Trade payables	27	**31,639,476**	17,909,963
Other payables and accruals	28	**1,385,180**	3,011,721
		33,024,656	20,921,684
Net current assets		**185,626,469**	181,093,694
Total assets less current liabilities		**188,170,296**	185,471,398
Non-current liability			
Deferred tax liabilities	29	**33,660**	104,007
Net assets		**188,136,636**	185,367,391

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2013

	Notes	2013 HK$	2012 HK$
Capital and reserves			
Share capital	30	**10,000,000**	10,000,000
Reserves		**178,270,597**	175,503,690
Equity attributable to owners of the Company		**188,270,597**	185,503,690
Non-controlling interests		**(133,961)**	(136,299)
Total equity		**188,136,636**	185,367,391

The consolidated financial statements on pages 34 to 102 were approved and authorised for issue by the Board of Directors on 24 June 2013 and are signed on its behalf by:

Alexis Ventouras
Director

Kwok Kin Chung
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2013

	Share capital *HK$*	Share premium *HK$*	Merger reserve *HK$*	Share option reserve *HK$*	Retained profits *HK$*	Attributable to owners of the Company *HK$*	Non-controlling interests *HK$*	Total *HK$*
At 1 April 2011	10,000,000	112,473,021	32,500,000	31,412	27,483,288	182,487,721	—	182,487,721
Profit (loss) and total comprehensive income (expenses) for the year	–	–	–	–	22,749,213	22,749,213	(40,671)	22,708,542
Acquisition of subsidiaries	–	–	–	–	–	–	(95,628)	(95,628)
Recognition of equity-settled share-based payments	–	–	–	266,756	–	266,756	–	266,756
Dividend	–	–	–	–	(20,000,000)	(20,000,000)	–	(20,000,000)
At 31 March 2012 and 1 April 2012	10,000,000	112,473,021	32,500,000	298,168	30,232,501	185,503,690	(136,299)	185,367,391
Profit and total comprehensive income for the year	–	–	–	–	22,491,674	22,491,674	2,338	22,494,012
Recognition of equity-settled share-based payments	–	–	–	275,233	–	275,233	–	275,233
Share option expired	–	–	–	(361,495)	361,495	–	–	–
Dividend	–	–	–	–	(20,000,000)	(20,000,000)	–	(20,000,000)
At 31 March 2013	10,000,000	112,473,021	32,500,000	211,906	33,085,670	188,270,597	(133,961)	188,136,636

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2013

	Note	**2013** **HK$**	2012 HK$
Operating activities			
Profit before tax		**27,096,231**	27,516,758
Adjustments for:			
Depreciation of plant and equipment		**817,805**	1,207,372
Amortisation of intangible assets		**69,780**	69,780
Net change in fair value of financial assets at fair value through profit or loss		**(685,101)**	1,009,059
Gain on trading of financial assets at fair value through profit or loss		**(1,861,791)**	(557,182)
Interest income		**(19,525,531)**	(13,273,224)
Interest expenses		**–**	13
Dividend income		**(5,480)**	(8,723)
Expense recognised in respect of equity-settled share-based payments		**275,233**	266,756
Write-off of plant and equipment		**439,514**	–
Loss on disposal of plant and equipment		**3,611**	–
Impairment loss on trade receivables		**1,787,359**	–
Impairment loss on goodwill		**531,658**	–
Operating cash flows before movements in working capital		**8,943,288**	16,230,609
Decrease (increase) in trade receivables		**17,935,272**	(85,628,026)
Increase in loan receivables		**(15,230,000)**	(13,000,000)
Decrease (increase) in other receivables, deposits and prepayments		**208,637**	(802,021)
Decrease in other assets		**26,119**	56,794
(Increase) decrease in bank balances and cash – trust accounts		**(12,938,862)**	60,450,047
Increase (decrease) in trade payables		**13,729,513**	(63,165,314)
Decrease in other payables and accruals		**(1,626,541)**	(2,507,169)
Cash generated from (used in) operations		**11,047,426**	(88,365,080)
Interest paid		**–**	(13)
Hong Kong Profits Tax paid		**(3,755,028)**	(7,985,761)
NET CASH GENERATED FROM (USED IN) OPERATING ACTIVITIES		**7,292,398**	(96,350,854)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2013

	Note	2013 HK$	2012 HK$
Investing activities			
Interest received		**19,253,014**	13,249,711
Dividend received		**5,480**	8,723
Purchase of plant and equipment		**(76,840)**	(1,060,900)
Proceeds from disposal of plant and equipment		**22,230**	–
Purchase of financial assets at fair value through profit or loss		**(14,759,663)**	(21,028,500)
Net cash flow for acquisition of subsidiaries	36	**–**	39,324
Proceeds from disposal of financial assets at fair value through profit or loss		**12,610,457**	16,918,417
Increase in other investment		**(3,807,000)**	–
NET CASH GENERATED FROM INVESTING ACTIVITIES		**13,247,678**	8,126,775
Financing activity			
Dividend paid		**(20,000,000)**	(20,000,000)
NET CASH USED IN FINANCING ACTIVITY		**(20,000,000)**	(20,000,000)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**540,076**	(108,224,079)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR		**48,023,254**	156,247,333
CASH AND CASH EQUIVALENTS AT THE END OF YEAR		**48,563,330**	48,023,254
ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS			
Bank balances and cash		**48,563,330**	48,023,254

1. GENERAL

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

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

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

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

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

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

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

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

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

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

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.

HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets

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

New and revised HKFRSs issued but not yet effective

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

HKFRS 1 (Amendments)	Government Loans[2]
HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements Disclosure of Interests in Other Entities: Transition Guidance[2]
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities[3]
HKFRS 13	Fair Value Measurement[2]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[1]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2009–2011 Cycle except for the amendments to HKAS 1[2]
HK (IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

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

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

New and revised HKFRSs issued but not yet effective (continued)

HKFRS 9 Financial Instruments

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

Key requirements of HKFRS 9 are described as follows:

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

The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as a fair value through profit and loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

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

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

New and revised HKFRSs issued but not yet effective (continued)

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

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

Key requirements of these five standards are described below.

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

HKFRS 11 replaces HKAS 31 Interests in Joint Ventures and HK (SIC) – Int 13 Jointly Controlled Entities – Non-Monetary Contributions by Ventures. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

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

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

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

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

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

New and revised HKFRSs issued but not yet effective (continued)

New and revised Standards on consolidation, joint arrangements, associates and disclosures *(continued)*

The directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning on 1 April 2013. The application of these five standards may have significant impact on amounts reported in the consolidated financial statements. However, the directors have not yet performed a detailed analysis of the impact of the application of these Standards and have not yet quantified the extent if the impact.

HKFRS 13 Fair Value Measurement

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

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

The directors anticipate that the application of the new standard may affect certain amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

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

New and revised HKFRSs issued but not yet effective (continued)

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

The amendments to HKAS 1 introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss.

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

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (as revised in 2011) – Investment Entities

The amendments to HKFRS 10 introduce an exception to consolidating subsidiaries for an investment entity, except where the subsidiaries provide services that relate to the investment entity's investment activities. Under the amendments to HKFRS 10, an investment entity is required to measure its interest in subsidiaries at fair value through profit or loss.

To qualify as in investment entity, certain criteria have to be met. Specifically, an entity is required to:

1. Obtain funds from one or more investors for the purpose of providing them with professional investment management services;

2. Commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

3. Measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments to HKFRS 12 and HKAS 27 have been made to introduce new disclosure requirements for investment entities.

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

New and revised HKFRSs issued but not yet effective (continued)

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (as revised in 2011) – Investment Entities *(continued)*

The amendments to HKFRS 10, HKFRS 12 and HKAS 27 (as revised in 2011) are effective from annual periods beginning on or after 1 January 2014 with early application permitted. The directors is in the process of assessing the potential impact of the new HKFRSs but is not yet in a position to determine whether the new HKFRSs will have a significant impact on how its results of operations and financial position are prepared and presented. The new HKFRSs may result in changes in the future as to how the results and financial position are prepared and presented.

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

Amendments to HKFRS 7 and HKAS 32 Offsetting Financial Assets and Financial Liabilities and the related disclosures

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to HKFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

The directors anticipate that the application of these amendments to HKAS 32 and HKFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

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

New and revised HKFRSs issued but not yet effective (continued)

HKAS 19 Employee Benefits

The amendments to HKAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the "corridor approach" permitted under the previous version of HKAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of HKAS 19 are replaced with a "net-interest" amount, which is calculated by applying the discount rate to the net defined benefit liability or asset.

The amendments to HKAS 19 are effective for annual periods beginning on or after 1 January 2013 and require retrospective application. The directors anticipate that the amendments to HKAS 19 will have no effect to the Group's financial statements as the Group does not provide in such benefits.

Annual Improvements to HKFRSs 2009 – 2011 Cycle issued in June 2012

The Annual Improvements to HKFRSs 2009 – 2011 Cycle include a number of amendments to various HKFRSs. The amendments are effective for annual periods beginning on or after 1 January 2013. Amendments to HKFRSs include amendments to HKAS 16 Property, Plant and Equipment; and amendments to HKAS 32 Financial Instruments: Presentation.

Amendments to HKAS 16

The amendments to HKAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in HKAS 16 and as inventory otherwise. The directors do not anticipate that the amendments to HKAS 16 will have a significant effect on the Group's consolidated financial statements.

Amendments to HKAS 32

The amendments to HKAS 32 clarify that income tax on distributions to holders of an equity instrument and transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 Income Taxes. The directors anticipate that the amendments to HKAS 32 will have no effect on the Group's consolidated financial statement.

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

The principal accounting policies are set out below.

Basis of consolidation

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

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

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

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

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

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations (continued)

When 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations (continued)

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

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

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

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

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

Subsidiary

Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill (continued)

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less that its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable arising from financial services and is recognised on the following basis:

i) Commission income for broking business of securities, futures and options dealing is recorded as income on a trade-date basis.

ii) 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 places.

iii) Margin financing, money lending service and interest income from a financial assets 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.

iv) Handling service fees and dividend collection fees are recognised when the agreed services have been provided.

v) Profit and loss from trading in financial assets at fair value through profit or loss are recognised when the relevant contract notes are executed.

vi) Securities advisory services fee income and wealth management fee income are recognised when the services are rendered.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasing (continued)

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they capitalised in accordance with the Group's policy on borrowing costs (see the accounting policy below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see the accounting policies below); and

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong Dollars) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange difference arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve (attributed to non-controlling interests as appropriate).

Goodwill and fair value adjustments on identifiable assets acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in the foreign currency translation reserve.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Retirement benefit costs

Retirement benefits are provided to eligible staff of the Group. Hong Kong employees enjoy retirement benefits under the Mandatory Provident Fund Scheme. The employer's monthly contribution is 5% of each employee's monthly salary with maximum amount of HK$1,000 per month for each employee on or before 31 May 2012 and HK$1,250 per month on or after 1 June 2012.

Payment to defined contribution retirement benefit plans, state-managed retirement benefit schemes, the Mandatory Provident Fund Scheme, are charged as an expense when employees have rendered service entitling them to the contributions.

Share-based payment transactions

Share options granted by the Company to employees of the Group in an equity-settled share-based payment arrangement

For grants of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of share options granted at the grant date and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to accumulated losses.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary difference associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current or deferred tax for the year is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Plant and equipment

Plant and equipment are stated at cost less depreciation and accumulated impairment losses. Depreciation is provided to write off the cost or valuation of items of plant and equipment over their estimated useful lives and after taking into account their estimated residual value, using the straight-line method, at the following rate per annum:

Leasehold improvement	50% or remaining lease term
Furniture and equipment	20%
Computer equipment	20%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated statements of comprehensive income in the year in which the item is derecognised.

Intangible assets

Intangible assets acquired separately

Intangible assets represent the trading rights, with which the holders have the rights to trade on the Stock Exchange and Hong Kong Futures Exchange Limited ("HKFE"). Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of ant changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in the consolidated statements of comprehensive income when the asset is derecognised.

Other Investment

Other investment representing investments in film, it is measures at cost less any impairment.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of tangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated statements of comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimated of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the consolidated statements of comprehensive income.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Cash and cash equivalents

Cash includes cash equivalents include cash at bank and in hand, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Any transaction costs associated with the issue of shares are deducted from share premium (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the consolidated statements of comprehensive income.

Financial assets

Financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss" (FVTPL), "available-for-sale" (AFS) financial assets and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets *(continued)*

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near future; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in the consolidated statements of comprehensive income. The net gain or loss recognised in profit or loss incorporates any dividend or interest earning on the financial asset and is included in the "other gains and losses" line item in the consolidated statement of comprehensive income. Fair value is determined in the manner described in Note 6.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets *(continued)*

Available-for-sale financial assets (AFS financial assets)
AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classifies as loans and receivables, held-to-maturity investments or financial assets at FVTPL.

AFS financial assets are measured at fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated under the hearing of investments revaluation reserve. Where the financial asset is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to the consolidated statements of comprehensive income (see the accounting policy in respect of impairment loss on financial assets below).

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of the reporting period (see the accounting policy in respect of impairment loss on financial assets below).

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and bills receivables, deposits, prepayments and other receivables, bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets
Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets *(continued)*

Impairment of financial assets (continued)
For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, deposits, prepayments and other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods (see the accounting policy below).

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in the consolidated statements of comprehensive income.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to the consolidated statements of comprehensive income in the period.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets *(continued)*

Impairment of financial assets (continued)

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the consolidated statements of comprehensive income to the extent that the carrying amount of the investment at the date the impairment is revered does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity investments, impairment losses previously recognised in the consolidated statements of comprehensive income are not reversed through the consolidated statements of comprehensive income. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt investment losses are subsequently reversed through the consolidated statements of comprehensive income if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in the consolidated statements of comprehensive income on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Other financial liabilities

Other financial liabilities (including accruals, deposit received and other payables) are subsequently measured at amortised cost using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognised its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the consolidated statements of comprehensive income.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the Group retains control), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in the consolidated statements of comprehensive income. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Derecognition *(continued)*

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the consolidated statements of comprehensive income.

Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material maybe aggregated if they share a majority of these criteria.

Related parties

A related party is a person or entity that is related to the Group.

(i) A person, or a close member of that person's family, is related to the Group if that person:

   (1) has control or joint control over the Group;

   (2) has significant influence over the Group; or

   (3) is a member of the key management personnel of the Group or the Group's parent.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties (continued)

(ii) An entity is related to the Group if any of the following conditions applies:

(1) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(3) Both entities are joint ventures of the same third party.

(4) One entity is a joint venture of a third party and the other entity is an associate of the same third party or vice versa.

(5) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(6) The entity is controlled or jointly-controlled by a person identified in (i).

(7) A person identified in (i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Depreciation and amortisation

The Group depreciates and amortises the plant and equipment and intangible assets over their estimated useful lives respectively and after taking into account their estimated residual values, using the straight line method. The estimated useful lives reflect the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's plant and equipment and intangible assets. The residual values reflect the directors' estimated amount that the Group would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the assets were already of the age and in the condition expected at the end of its useful life.

Income taxes

The Company is subject to income taxes in Hong Kong. Significant judgement is required in determining the provision for income taxes and the timing of payment of the related tax. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax provision in the period in which such determination is made.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Estimated impairment on goodwill
Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than previously estimated, a material impairment loss may arise in the future period. As at 31 March 2013, the carrying amount of goodwill is Approximately HK$nil (2012: approximately HK$531,658), net of accumulated impairment loss of HK$531,658 (2012: HK$nil).

Allowance for doubtful debts
The Group's provision policy for bad and doubtful debts is based on the evaluation of collectability and aging analysis of accounts and on management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance may be required. As at 31 March 2013, the carrying amount of trade receivables is HK$84,090,495 (2012: HK$103,813,126) (net of allowance for doubtful debts of HK$1,787,359 (2012: HK$nil)).

5. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total indebtednesses divided by total capital. Total indebtednesses is total bank borrowings (including current and non-current bank borrowings). Total capital is calculated as "equity", as shown in the statement of financial position.

At the end of the reporting period, the Group has no bank borrowings and, accordingly, the gearing ratio is 0%. (2012:0%)

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2013	2012
	HK$	*HK$*
Financial assets		
Financial assets at fair value through profit or loss	**15,778,223**	11,082,125
Loans and receivables (including cash and cash equivalents)	**199,054,830**	190,004,643

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, loan receivables, other receivables, deposits and prepayments, financial assets at fair value through profit or loss, bank balances and cash, trade payables and other payables and accruals. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include credit risk, market risk (currency risk, interest rate risk and equity price risk) and liquidity risk.

The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

The Group's credit risk is primarily attributable to accounts receivable due from clients, brokers and clearing houses and loan receivable. Management has a credit policy in place and the exposure to the credit risk is monitored on an on-going basis.

In respect of accounts receivable due from clients, individual credit evaluations are performed on all clients. Cash clients are required to place deposits as prescribed by the Group's credit policy before execution of any purchase transactions. Receivables due from cash clients are due within the settlement period commonly adopted by the relevant market convention, which is usually within a few days from the trade date. Because of the prescribed deposit requirements and the short settlement period involved, credit risk arising from the accounts receivable due from cash clients is considered low. For futures broking, initial margin is required before opening of a trading position. Market conditions and adequacy of securities collateral and margin deposits of each futures account are monitored by management on a daily basis. Margin calls and forced liquidation are made where necessary.

In respect of accounts receivable from brokers and clearing houses, credit risks are considered low as the Group normally enters into transactions with brokers and clearing houses which are registered with regulatory bodies and with sound reputation in the industry.

6. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

***Credit risk** (continued)*

In order to minimise the credit risk of loan 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 loan 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 loan receivables credit risk is significantly reduced.

The Group has no significant concentration of credit risk as credits are granted to a large population of clients.

The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset in the consolidated statement of financial position. The Group does not provide any other guarantees which would expose the Group to credit risk.

Foreign currency risk

The Group's business is principally conducted in Hong Kong dollars ("HK$") and most of the Group's monetary assets and liabilities are denominated in HK$. Accordingly, the directors consider the Group's exposure to foreign currency risk is minimal.

Interest rate risk

Interest rate risk is the risk of loss due to changes in interest rates. The Group's interest rate risk exposure arises predominantly from margin financing and loans to customer. The margin receivables, loan receivables and bank balances have exposures to interest rates risk. The Group possesses the legal capacity to initiate recalls efficiently which enables the timely re-pricing of margin loans to appropriate levels, in which those particularly large sensitive positions can readily be identified. Interest spreads are managed with the objective of maximising spreads to ensure consistency with liquidity and funding obligations.

At 31 March 2013, assuming the Hong Kong market interest rate had been 50 basis point (2012: 50 basis point) higher/lower and all other variables were held constant, the Group's profit before tax for the year ended 31 March 2013 would increase/decrease by approximately HK$928,958 (2012 increase/decrease by approximately HK$872,413).

Price risk

The Group is exposed to equity price risk mainly through its investments in listed equity securities and debt securities. The Group's equity price risk is mainly concentrated on equity instruments quoted in the Stock Exchange.

6. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Price risk *(continued)*

Sensitivity analysis
The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date.

If the prices of the respective equity instruments had been 5 % (2012: 5%) higher/lower, the profit before tax for the year ended 31 March 2013 would increase/decrease by approximately HK$788,911 (2012: increase/decrease by approximately HK$554,106). This is mainly due to the changes in fair value of financial assets at fair value through profit or loss.

Liquidity risk
Individual operating entities within the Group are responsible for their own cash management, including the raising of loans to cover expected cash demands, and to ensure compliance with the Financial Resources Rules. The Group's policy is to regularly monitor its liquidity requirement and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and funding in the short and longer term. All of the Group's current liabilities are expected to be settled within one year. And the carrying amounts of all financial liabilities equal to the contractual undiscounted cash outflow.

Financial instruments carried at fair value
The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted active bid prices and ask prices respectively; and

- The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input.

6. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Financial instruments carried at fair value *(continued)*

The carrying value of financial instruments measured at fair value at 31 March 2013 across the three levels of the fair value hierarchy defined in HKFRS 7, Financial Instruments: Disclosures, with the fair value of each financial instrument categorised in its entirely based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At 31 March 2013, the Group and the Company had following financial instruments carried at fair value all of which are based on the Level 1, Level 2 and Level 3 of the fair value hierarchy:

	The Group		**The Company**	
	2013	2012	**2013**	2012
	HK$	*HK$*	***HK$***	*HK$*
Level 1:				
Financial assets at fair value through profit or loss				
– listed securities (Hong Kong)	10,659,120	5,474,960	–	–
– listed securities (Overseas)	415,103	1,107,165	–	–
Level 3:				
Financial assets at fair value through profit or loss				
– Debt instrument	4,704,000	4,500,000	4,214,000	4,000,000

There were no transfers between Level 1 and 3 during the year.

7. TURNOVER

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

	2013	2012
	HK$	*HK$*
Commission and brokerage fees from securities dealing on The Stock Exchange of Hong Kong Limited	**3,124,885**	6,427,540
Commission and brokerage fees from dealing in futures contracts	**365,976**	883,811
Commission from wealth management business	**919,698**	77,832
Commission from securities advisory services	**14,700,000**	15,500,000
Placing and underwriting commission	**8,723,890**	13,506,990
Clearing and settlement fee	**270,410**	588,145
Handling service and dividend collection fees	**916,119**	689,071
Interest income from		
– authorised financial institutions	**1,214,818**	794,317
– clients	**18,310,684**	12,478,837
– others	**29**	70
	48,546,509	50,946,613

See Note 9 for an analysis of revenue by major services.

8. NET OTHER INCOME

	2013	2012
	HK$	*HK$*
Gain on trading of financial assets at fair value through profit or loss	**1,861,791**	557,182
Loss on trading in futures contracts	**–**	(2,227)
Dividend income	**5,480**	8,723
Net change in fair value of financial assets at fair value through profit or loss	**685,101**	(1,009,059)
Other income	**1,508,452**	981,043
	4,060,824	535,662

9. BUSINESS AND GEOGRAPHICAL SEGMENTS

Information reported to the Board, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of services provided. In addition, for 'Securities and futures broking', 'Placing and underwriting', 'Loan and financing' and 'Securities advisory service' the information reported to the Board of Directors is further analysed based on the different classes of customers.

Specifically, the Group's reportable segments under HKFRS 8 are as follow:

Securities and futures broking	Provision of securities and futures and other wealth management products broking services
Placing and underwriting	Provision of placing and underwriting services
Loan and financing	Provision of margin financing and money lending service
Securities advisory service	Provision of securities advisory service

The reportable segments have been identified on the basis of internal management reports prepared in accordance with accounting policies conforming to HKFRSs that are regularly reviewed by the executive directors of the Company being the CODM of the Group.

Segments profit represents profit earned by each segment without allocation of other revenue, central administration costs and finance costs. This is the basis of measurement reported to the CODM for the purposes of resource allocation and assessment of segment performance.

All of the activities of the Group are based in Hong Kong and all of the Group's revenue is derived from Hong Kong. Accordingly, no analysis by geographical segments is presented.

9. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

Business segments

Segment revenues and results

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

	2013				
	Securities and futures broking *HK$*	**Placing and underwriting** *HK$*	**Loan and financing** *HK$*	**Securities advisory service** *HK$*	**Consolidated** *HK$*
Segment revenue	**4,885,977**	**8,723,890**	**19,021,824**	**14,700,000**	**47,331,691**
Segment results	**213,185**	**5,564,073**	**17,786,231**	**13,499,815**	**37,063,304**
Gain from investments					**2,552,372**
Other interest income					**1,214,818**
Other income					**1,508,452**
Impairment loss on goodwill					**(531,658)**
Unallocated other operating expenses					**(14,711,057)**
Profit before tax					**27,096,231**
Income tax expenses					**(4,602,219)**
Profit for the year					**22,494,012**

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

Revenue reported above represents revenue generated from external customers. There was no inter-segment sale during the year (2012: HK$nil).

9. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

Business segments (continued)

Segment assets and liabilities

	2013				
	Securities and futures broking *HK$*	**Placing and underwriting** *HK$*	**Loan and financing** *HK$*	**Securities advisory service** *HK$*	**Consolidated** *HK$*
Assets					
Segment assets	**34,823,533**	**–**	**104,597,625**	**8,700,000**	**148,121,158**
Unallocated assets					**73,073,794**
Total assets					**221,194,952**
Liabilities					
Segment liabilities	**29,890,154**	**31,200**	**3,053,302**	**–**	**32,974,656**
Unallocated liabilities					**83,660**
Total liabilities					**33,058,316**

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

9. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

Business segments (continued)

Segment assets and liabilities (continued)

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, other investment, tax refundable, 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.

Other information

	2013				
	Securities and futures broking *HK$*	**Placing and underwriting** *HK$*	**Loan and financing**	**Securities advisory service**	**Consolidated** *HK$*
Additions to plant and equipment	**76,840**	**–**	**–**	**–**	**76,840**
Depreciation of plant and equipment	**817,805**	**–**	**–**	**–**	**817,805**
Amortisation of intangible assets	**69,780**	**–**	**–**	**–**	**69,780**

	2012				
	Securities and futures broking *HK$*	Placing and underwriting *HK$*	Loan and financing	Securities advisory service	Consolidated *HK$*
Additions to plant and equipment	1,060,900	–	–	–	1,060,900
Depreciation of plant and equipment	1,207,372	–	–	–	1,207,372
Amortisation of intangible assets	69,780	–	–	–	69,780

Information on major customers

A major customer of the Group accounted for approximately 16% (2012: 15%) of the total revenue during the year ended 31 March 2013.

10. FINANCE COSTS

	2013 HK$	2012 HK$
Interest on overdraft	–	13

11. PROFIT BEFORE TAX

	2013 HK$	2012 HK$
Profit before tax has been arrived at after charging:		
Staff costs *(Note 12)*	6,420,281	6,440,623
Auditor's remuneration	448,000	428,000
Depreciation of plant and equipment	817,805	1,207,372
Amortisation of intangible assets	69,780	69,780
Write-off of plant and equipment	439,514	–
Impairment loss on trade receivables	1,787,359	–
Loss on disposal of plant and equipment	3,611	–
Operating lease payments in respect of rented premises	5,286,064	5,530,312
Equity-settled share-based payments	275,233	266,756

12. STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	2013 HK$	2012 HK$
Salaries and allowances	6,206,101	6,270,229
Defined contribution retirement benefit scheme contributions	214,180	170,394
	6,420,281	6,440,623

13. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

Year ended 31 March 2013

	Fees *HK$*	Salaries, allowances and benefit in kind *HK$*	Discretionary bonuses *HK$*	Defined contribution retirement benefit scheme contributions *HK$*	Share based payment *HK$*	Total *HK$*
Executive directors						
Kwok Kin Chung	–	669,600	97,600	14,500	29,914	811,614
Lau Kin Hon	–	195,000	–	9,500	59,832	264,332
Yu Linda	–	520,000	–	14,500	89,748	624,248
Alexis Ventouias *(note i)*	126,247	–	–	–	–	126,247
Non-executive director						
Alexis Ventouras *(note i)*	53,753	–	–	–	–	53,753
Independent non-executive directors						
Au Yeung Tai Hong Rorce	120,000	–	–	–	–	120,000
Choy Wing Man	120,000	–	–	–	–	120,000
Chiu Wai Keung	120,000	–	–	–	–	120,000
	540,000	1,384,600	97,600	38,500	179,494	2,240,194

Year ended 31 March 2012

	Fees *HK$*	Salaries, allowances and benefit in kind *HK$*	Discretionary bonuses *HK$*	Defined contribution retirement benefit scheme contributions *HK$*	Share based payment *HK$*	Total *HK$*
Executive directors						
Kwok Kin Chung	–	607,200	–	12,000	32,409	651,609
Alexis Ventouras *(note ii)*	5,322	–	–	–	–	5,322
Lau Ka Lung Ali *(note v)*	–	840,654	–	12,000	–	852,654
Lau Kin Hon	–	193,125	–	9,250	64,818	267,193
Yu Linda	–	520,000	–	12,000	97,227	629,227
Independent non-executive directors						
Au Yeung Tai Hong Rorce	120,000	–	–	–	–	120,000
Choy Wing Man	120,000	–	–	–	–	120,000
Chee Kwok Wing Waymond *(note iv)*	44,932	–	–	–	–	44,932
Chiu Wai Keung *(note iii)*	75,589	–	–	–	–	75,589
	365,843	2,160,979	–	45,250	194,454	2,766,526

13. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (continued)

(a) Directors' emoluments (continued)

notes:

(i) Resigned as executive director and appointed as non-executive director on 12 December 2012

(ii) Appointed on 21 March 2012

(iii) Appointed on 15 August 2011

(iv) Resigned on 15 August 2011

(v) Resigned on 21 March 2012

(b) Five highest paid individuals

During the year, of the five highest paid individuals in the Group, two (2012: three) executive directors of the Company whose emoluments are set out above. The emoluments of the remaining three are:

	2013	2012
	HK$	*HK$*
Salaries, allowances and benefit in kind	**1,691,504**	1,080,500
Discretionary bonuses	**201,250**	–
Defined contribution retirement benefit scheme contributions	**43,500**	24,000
Share based payments	**59,835**	64,818
	1,996,089	1,169,318

The emoluments of the aforementioned three (2012: two) highest paid individuals were within the band of nil to HK$1,000,000 for both years.

No emoluments were paid to the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during each of the two years ended 31 March 2013 and 2012. None of the directors and five highest paid individuals of the Company has waived or agreed to waive any emoluments during the year.

14. INCOME TAX EXPENSES

	2013	2012
	HK$	*HK$*
Hong Kong Profits Tax		
– overprovision in prior year	**(40,704)**	–
– current year	**4,713,270**	4,924,516
	4,672,566	4,924,516
Deferred tax		
– current year *(Note 29)*	**(70,347)**	(116,300)
	4,602,219	4,808,216

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

	2013	2012
	HK$	*HK$*
Profit before tax	**27,096,231**	27,516,758
Tax at the domestic income tax rate of 16.5% (2012:16.5%)	**4,470,879**	4,540,265
Overprovision in prior year	**(40,704)**	–
Tax effect of expenses not deductible for tax purpose	**148,019**	–
Tax effect of income not taxable for tax purpose	**(103,231)**	(230,785)
Tax effect of temporary differences not recognised	**(5,580)**	–
Tax effect of tax loss not recognised	**132,836**	498,736
Tax expenses for the year	**4,602,219**	4,808,216

15. DIVIDEND

	2013	2012
	HK$	*HK$*
2012 Final dividend, paid – HK2.0 cents per share (2011 Final dividend, paid – HK2.0 cents per share)	**20,000,000**	20,000,000

The board of directors proposed a final dividend of HK2.0 cents per ordinary share for the year ended 31 March 2013 (2012: HK 2.0 cents). This proposed final dividend is not reflected as a dividend payable as of 31 March 2013, but will be recorded as a distribution of retained profits for the year ending 31 March 2014.

16. EARNINGS PER SHARE

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

	2013	2012
	HK$	*HK$*
Profit for the year attributable to owners of the Company	**22,491,674**	22,749,213

	2013	2012
Weighted average number of ordinary shares in issue during the year	**1,000,000,000**	1,000,000,000
Effect of dilutive potential ordinary shares:		
Share option issued by the Company	**–**	–
Weighted average number of ordinary shares and dilutive potential ordinary shares in issue during the year	**1,000,000,000**	1,000,000,000

The calculation of basic earnings per share is based on the Group's profit attributable to the owners of the Company of HK$22,491,674 (2012: HK$22,749,213) and the weighted average number of ordinary shares of 1,000,000,000 (2012: 1,000,000,000) during the year.

The diluted earnings per share is not presented because there were no potential dilutive effects during the year ended 31 March 2013 and 2012.

17. PLANT AND EQUIPMENT

	Leasehold improvement *HK$*	Furniture and equipment *HK$*	Computer equipment *HK$*	Total *HK$*
COST				
At 1 April 2011	1,116,601	351,812	3,704,002	5,172,415
Additions	560,344	224,706	275,850	1,060,900
Acquisition of subsidiaries	259,905	38,934	32,619	331,458
At 31 March 2012 and 1 April 2012	1,936,850	615,452	4,012,471	6,564,773
Additions	–	27,165	49,675	76,840
Disposal	–	(39,033)	–	(39,033)
Write-off	(820,250)	–	–	(820,250)
At 31 March 2013	1,116,600	603,584	4,062,146	5,782,330
ACCUMULATED DEPRECIATION				
At 1 April 2011	912,688	212,528	2,225,202	3,350,418
Charge for the year	314,896	109,515	782,961	1,207,372
Acquisition of subsidiaries	24,795	3,893	2,928	31,616
At 31 March 2012 and 1 April 2012	1,252,379	325,936	3,011,091	4,589,406
Charge for the year	232,845	80,786	504,174	817,805
Disposal	–	(13,192)	–	(13,192)
Write-off	(380,736)	–	–	(380,736)
At 31 March 2013	1,104,488	393,530	3,515,265	5,013,283
NET CARRYING VALUES				
At 31 March 2013	12,112	210,054	546,881	769,047
At 31 March 2012	684,471	289,516	1,001,380	1,975,367

18. INTANGIBLE ASSETS

	Futures trading right *HK$*
COST	
At1 April 2011, 31 March 2012, 1 April 2012 and 31 March 2013	348,900
AMORTISATION	
At 1 April 2011	139,560
Charge for the year	69,780
At 31 March 2012 and 1 April 2012	209,340
Charge for the year	69,780
At 31 March 2013	279,120
NET CARRYING VALUES	
At 31 March 2013	69,780
At 31 March 2012	139,560

19. OTHER ASSETS

	2013 *HK$*	2012 *HK$*
Admission fee paid to Hong Kong Securities Clearing Company Limited	**50,000**	50,000
Stamp duty deposit with The Stock Exchange of Hong Kong Limited	**5,000**	30,000
Contributions in cash to a guarantee fund with Hong Kong Securities Clearing Company Limited	**50,000**	50,000
Compensation fund with The Stock Exchange of Hong Kong Limited	**50,000**	50,000
Fidelity fund with The Stock Exchange of Hong Kong Limited	**50,000**	50,000
Deposit with HKFE Clearing Corporation Limited in contribution to the reserve fund	**1,500,000**	1,501,119
	1,705,000	1,731,119

20. GOODWILL

	2013	2012
	HK$	*HK$*
COST		
At 1 April	**531,658**	–
Additional amount recognised from acquisition of a subsidiary during the year	**–**	531,658
At 31 March	**531,658**	531,658
ACCUMULATED IMPAIRMENT LOSSES		
At 1 April	**–**	–
Impairment loss provided for the year	**(531,658)**	–
At 31 March	**(531,658)**	–
NET CARRYING AMOUNT		
At 31 March	**–**	531,658

At 31 March 2013, the Group assessed the recoverable amount of goodwill associated with certain of the Group's selling activities. The recoverable amount of the selling activities was assessed by reference to the relevant cash-generating unit's value in use. A discount factor of 12.18% per annum was applied in the value in use model. Relevant cash-generating unit recognised an impairment loss amount for HK$531,658.

21. TRADE RECEIVABLES

	2013	2012
	HK$	*HK$*
Trade receivables from the business of dealing in futures contracts:		
Clearing houses	**673,908**	24,400
Trade receivables from the business of dealing in securities:		
Cash clients	**33,910**	713,470
Margin clients	**73,569,880**	90,946,641
Clearing houses	**1,112,797**	1,423,559
Commission receivables from wealth management business	**–**	55,056
Trade receivables from securities advisory service	**8,700,000**	10,650,000
	84,090,495	103,813,126

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

Listed securities of clients are held as collateral against secured margin loans and term loans. The fair value of the listed securities at 31 March 2013 held as collateral was HK$224,896,798. (2012: HK$236,931,282)

21. TRADE RECEIVABLES (continued)

The aging analysis of the trade receivables, net of impairment are as follows:

	2013	2012
	HK$	*HK$*
Margin clients balances:		
No due date	**71,143,801**	90,946,641
Past due	**2,426,079**	–
	73,569,880	90,946,641
Other balances		
Less than 1 month past due	**8,519,474**	12,300,950
1 to 3 months past due	**619**	53,035
Over 3 months but less than 1 year past due	**522**	175,850
Over 1 year past due	**2,000,000**	336,650
	10,520,615	12,866,485
	84,090,495	103,813,126

Impairment loss on trade receivables:

	2013	2012
	HK$	*HK$*
Balance at beginning of the year	**–**	–
Impairment loss for the year	**1,787,359**	–
Balance at end of the year	**1,787,359**	–

21. TRADE RECEIVABLES (continued)

Age of receivables that are past due but not impaired:

	2013	2012
	HK$	*HK$*
Margin clients balances:		
Past due	**2,426,079**	–
Other balances		
Less than 1 month past due	**8,519,474**	12,300,950
1 to 3 months past due	**619**	53,035
Over 3 months but less than 1 year past due	**522**	175,850
Over 1 year past due	**2,000,000**	336,650
	10,520,615	12,866,485
	12,946,694	12,866,485

22. LOAN RECEIVABLES

	2013	2012
	HK$	*HK$*
Loan receivables	**28,230,000**	13,000,000
Loan interest receivables	**156,650**	23,226
	28,386,650	13,023,226

Certain loan receivables are secured by properties and other assets. All the loans bear interest at market interest rate and repayable within one year. The fair values of the Group's loan receivables at the end of reporting period are determined based on the present value of the estimated future cash flows discounted using the prevailing market rates at the end of each reporting period. The fair values of the Group's loan receivables approximate to the corresponding carrying amounts of the loan receivables.

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

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

23. OTHER RECEIVABLES , DEPOSITS AND PREPAYMENTS

	2013	2012
	HK$	*HK$*
Other receivables	**925,688**	888,823
Rental and other deposits	**1,429,250**	1,429,048
Interest receivable	**139,380**	287
Prepayments	**91,684**	337,388
	2,586,002	2,655,546

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to deposits and receivables for which there was no recent history of default.

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2013	2012
	HK$	*HK$*
Listed securities		
– Equity securities in Hong Kong, at fair value	**10,659,120**	5,474,960
– Equity securities in overseas, at fair value	**415,103**	1,107,165
Unlisted securities		
– Debt instruments in Hong Kong, at fair value	**4,704,000**	4,500,000
	15,778,223	11,082,125

25. OTHER INVESTMENT

	2013	2012
	HK$	*HK$*
Film investment, at cost	**3,807,000**	–

The directors consider the net realisable value is greater than the investment cost, no impairment is necessary.

26. BANK BALANCES AND CASH/PLEDGED BANK DEPOSIT

	2013 HK$	2012 HK$
Bank balances		
– trust accounts	**30,428,353**	17,489,491
– general accounts and cash	**48,563,330**	48,023,254
Pledged bank deposit	**5,000,000**	5,000,000
	83,991,683	70,512,745

The Group maintains segregated trust accounts with licensed banks to hold clients' monies arising from its normal course of business. The Group has classified the clients' monies as cash held on behalf of customers under the current assets section of the consolidated statement of financial position and recognised the corresponding accounts payable to respective clients on the grounds that it is liable for any loss or misappropriation of clients' monies. The Group is not allowed to use the clients' monies to settle its own obligations.

The general accounts and cash comprise cash held by the Group and banking deposits bearing interest at commercial rates with original maturity of three months or less. The fair values of these assets at the end of the reporting period approximate their carrying amounts.

Pledged bank deposit represents deposit pledged to bank to secure banking facilities granted to the Group. Deposit amounting to HK$5,000,000 (2012: HK$5,000,000) has been pledged to secure bank overdrafts and is therefore classified as current assets.

27. TRADE PAYABLES

	2013 HK$	2012 HK$
Trade payables from the business of dealing in futures contracts:		
Margin clients	**1,649,197**	257,062
Trade payables from the business of dealing in securities:		
Margin clients	**2,973,302**	178,321
Cash clients	**27,016,977**	17,474,580
	31,639,476	17,909,963

27. TRADE PAYABLES (continued)

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

Included in trade payables to cash clients attributable to dealing in securities and futures contracts transaction is an amount of HK$30,428,353 (2012: HK$17,489,491) 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.

28. OTHER PAYABLES AND ACCRUALS

	2013	2012
	HK$	*HK$*
Accrued charges	**1,046,727**	2,588,691
Stamp duty, trading levies and trading fee payables	**207,094**	71,070
Deposits received	**–**	240,000
Other payables	**131,359**	111,960
	1,385,180	3,011,721

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

29. DEFERRED TAX LIABILITIES

The following are the major deferred tax liabilities recognised by the Group and movements thereon during the current and prior reporting year:

	Depreciation allowances in excess of the related depreciation HK$	Amortisation of intangible assets HK$	Total HK$
At 1 April 2011	185,766	34,541	220,307
Credit to consolidated statement of comprehensive income *(Note 14)*	(104,786)	(11,514)	(116,300)
At 31 March 2012 and 1 April 2012	80,980	23,027	104,007
Credit to consolidated statement of comprehensive income *(Note 14)*	(58,833)	(11,514)	(70,347)
At 31 March 2013	22,147	11,513	33,660

30. SHARE CAPITAL

The Group and the Company

	Number of shares	HK$
As at 31 March 2012 and 2013, ordinary shares of HK$0.01 each	5,000,000,000	50,000,000

	Number of shares	HK$
Issued and fully paid:		
As at 31 March 2012 and 2013, ordinary shares of HK$0.01 each	1,000,000,000	10,000,000

31. RESERVES

The Company

	Share capital	Share premium	Merger reserve	Share option reserve	(Accumulated losses)/ retained profits	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
At 1 April 2011	10,000,000	112,473,021	32,500,000	31,412	(5,239,261)	149,765,172
Profit and total comprehensive income for the year	–	–	–	–	24,950,156	24,950,156
Recognition of equity-settled share-based payments	–	–	–	266,756	–	266,756
Dividend	–	–	–	–	(20,000,000)	(20,000,000)
At 31 March 2012 and 1 April 2012	10,000,000	112,473,021	32,500,000	298,168	(289,105)	154,982,084
Profit and total comprehensive income for the year	–	–	–	–	21,060,300	21,060,300
Recognition of equity-settled share-based payments	–	–	–	275,233	–	275,233
Share option expired				(361,495)	361,495	–
Dividend	–	–	–	–	(20,000,000)	(20,000,000)
At 31 March 2013	**10,000,000**	**112,473,021**	**32,500,000**	**211,906**	**1,132,690**	**156,317,617**

The Group

The movements in the Group's reserves for the reporting period are presented in the consolidated statement of changes in equity.

The Company's reserves available for distribution to its shareholders comprise of share premium, merger reserve, share options reserve and retained profits which in aggregate amounted to HK$146,317,617 as at 31 March 2013 (2012: HK$144,982,084). Under the Companies Law (Revised) of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its Memorandum and Articles of Association and provided that immediately following the payment of distributions or dividends, the Company is able to pay its debts as they fall due in the ordinary course of business. In accordance with the Company's Articles of Association, dividends shall be payable out of retained earnings or other reserves, including the share premium account, of the Company.

32. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2013 *HK$*	2012 *HK$*
Non-current assets		
Investment in CL Group (BVI) Limited	**8**	8
Current assets		
Other receivables	**139,380**	822
Amounts due from subsidiaries	**130,183,920**	136,475,028
Financial assets at fair value through profit or loss	**4,214,000**	4,000,000
Other investment	**3,807,000**	–
Bank balances and cash – general accounts	**18,171,418**	14,506,226
	156,515,718	154,982,076
Current liability		
Amount due to a subsidiary	**198,109**	–
Net current assets	**156,317,609**	154,982,076
Net assets	**156,317,617**	154,982,084
Capital and reserves		
Share capital	**10,000,000**	10,000,000
Reserves	**146,317,617**	144,982,084
Total equity	**156,317,617**	154,982,084

33. SHARE OPTION SCHEME

The Company has two share option schemes namely, the Pre-IPO Share Option Scheme and the IPO Share Option Scheme which were adopted on 22 February 2011.

(a) Pre-IPO Share Option Scheme

The Company has adopted a Pre-IPO Share Option Scheme (the "Pre-IPO Share Option Scheme") on 22 February 2011 under which the Company has conditionally granted options to certain Directors, senior management and employees of the Group to purchase shares of the Company with an exercise price equal to the offer price as defined in the Prospectus.

The total number of shares in respect of which share options granted under the Pre-IPO Share Option Scheme as at 31 March 2013 was 1,700,000 (2012: 4,600,000) which represented approximately 0.17% (2012:0.46%) of the issued share capital of the Company as at 31 March 2013 and 2012.

As at 31 March 2013, details of the share option granted under the Pre-IPO Share Option Scheme are as follows:

Grantees	Date of grant *(note 1)* *(dd/mm/yyyy)*	Exercise price per share *HK$*	Exercisable period *(note2)* *(dd/mm/yyyy)*	At 1 April 2012	Lapsed/ Expired during the year	At 31 March 2013	Approximate percentage of shareholding *(%)*
(i) Yu Linda, Executive Director	25/02/2011	0.485	08/03/2012–07/03/2013	500,000	(500,000)	–	–
			08/03/2013–07/03/2014	1,000,000	–	1,000,000	0.10%
				1,500,000	–	1,000,000	0.10%
(ii) Lau Kin Hon, Executive Director	25/02/2011	0.485	08/03/2012–07/03/2013	500,000	(500,000)	–	–
			08/03/2013–07/03/2014	500,000	–	500,000	0.05%
				1,000,000	–	500,000	0.05%
(iii) Kwok Kin Chung, Executive Director	25/02/2011	0.485	08/03/2012–07/03/2013	500,000	(500,000)	–	–
			Sub-total	3,000,000	(1,500,000)	1,500,000	0.15%
(iv) Employees	25/02/2011	0.485	08/03/2012–07/03/2013	1,400,000	(1,400,000)	–	–
			08/03/2013–07/03/2014	200,000	–	200,000	0.02%
				1,600,000	(1,400,000)	200,000	0.02%
			Total	4,600,000	(2,900,000)	1,700,000	0.17%

33. SHARE OPTION SCHEME (continued)

(a) Pre-IPO Share Option Scheme (continued)

As at 31 March 2012, details of the share option granted under the Pre-IPO Share Option Scheme are as follows:

Grantees	Date of grant (note 1) (dd/mm/yyyy)	Exercise price per share HK$	Exercisable period (note2) (dd/mm/yyyy)	At 1 April 2011	Lapsed/ Expired during the year	At 31 March 2012	Approximate percentage of shareholding (%)
(i) Lau Ka Lung Ali, Executive Director	25/02/2011	0.485	08/03/2012–07/03/2013	500,000	(500,000)	–	–
			08/03/2013–07/03/2014	1,000,000	(1,000,000)	–	–
				1,500,000	(1,500,000)	–	–
(ii) Yu Linda, Executive Director	25/02/2011	0.485	08/03/2012–07/03/2013	500,000	–	500,000	0.05%
			08/03/2013–07/03/2014	1,000,000	–	1,000,000	0.10%
				1,500,000	–	1,500,000	0.15%
(iii) Lau Kin Hon, Executive Director	25/02/2011	0.485	08/03/2012–07/03/2013	500,000	–	500,000	0.05%
			08/03/2013–07/03/2014	500,000	–	500,000	0.05%
				1,000,000	–	1,000,000	0.10%
(iv) Kwok Kin Chung, Executive Director	25/02/2011	0.485	08/03/2012–07/03/2013	500,000	–	500,000	0.05%
			Sub-total	4,500,000	(1,500,000)	3,000,000	0.45%
(v) Employees	25/02/2011	0.485	08/03/2012–07/03/2013	1,600,000	(200,000)	1,400,000	0.14%
			08/03/2013–07/03/2014	200,000	–	200,000	0.02%
				1,800,000	(200,000)	1,600,000	0.18%
			Total	6,300,000	(1,700,000)	4,600,000	0.46%

33. SHARE OPTION SCHEME (continued)

(a) Pre-IPO Share Option Scheme (continued)

Notes:

(1) It was the date when the Company offered to the grantees the options under the Pre-IPO Share Option Scheme.

(2) Each of the grantees to whom options have been conditionally granted under the Pre-IPO Share Option Scheme will be entitled to exercise:

(i) up to 500,000 of the total number options granted at any time during the period commencing from the date of the first anniversary of the Listing Date to the date of the second anniversary of the Listing Date (both days inclusive); and

(ii) remaining options granted at any time during the period commencing from the date immediately following the date of the second anniversary of the Listing Date to the date of the third anniversary of the Listing Date (both days inclusive).

The fair value of the options granted was determined by independent third party by using Black-Scholes-Merton Option Pricing Model, the assumptions used to determine the value for the Scheme were as follows:

Spot price *HK$*	Exercise price *HK$*	Risk-free rate	Nature of the share options	Expected life of the share option	Expected Volatility	Expected dividend yield	Early exercise behaviour
0.4522	0.485	0.667%	Call	3 years	64.273%	0%	220% of exercise price

The fair value of the granted options amounted for HK$1,130,841. HK$275,233 (2012:HK$266,756) has been recognised as share based payments to employees during the year.

(b) Share Option Scheme

The Company adopted the Share Option Scheme (the “Share Option Scheme”) on 22 February 2011, which was approved by the shareholders’ written resolutions, is valid and effective for a period of 10 years. It is established to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners and service providers of the Group and to promote the success of the business of the Group. Pursuant to the Share Option Scheme, the Board may, at its discretion and on such terms as it may think fit, offer to grant an option to any employee (full-time or part-time), director, consultant or adviser of the Group, or any substantial shareholder of the Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of the Group.

33. SHARE OPTION SCHEME (continued)

(b) Share Option Scheme (continued)

The total number of shares in respect of which share options may be granted under the Share Option Scheme is not permitted to exceed 100,000,000 shares, representing 10% of the total number of shares of the Company as at 31 March 2013.

The total number of shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme to eligible participants in any 12 months period up to the date of grant shall not exceed 1% of the Shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to the approval of shareholders in a general meeting.

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall not be less than the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of grant; or (iii) the nominal value of a Share.

As at 31 March 2013 and up to the date of approval of these financial statements, no share options have been granted under the Share Option Scheme.

34. RETIREMENT BENEFIT PLANS

The Group operates a Mandatory Provident Fund Scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not previously covered by the defined benefit retirement plan. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$25,000. Contributions to the plan vest immediately.

35. BANKING FACILITIES

At the end of the reporting period, the Group has the following overdraft facilities:

	2013	2012
	HK$	*HK$*
Overdraft facilities	**10,000,000**	10,000,000

A bank fixed deposit amounted of HK$5,000,000 have been pledged to secure the overdraft banking facilities granted to the Group.

36. ACQUISITION OF SUBSIDIARIES

On 30 November 2011, Green Wealth Group Limited, a wholly owned subsidiary of the Company, had acquired additional 50% of the entire issued share capital of Capital Global (BVI) Limited and its subsidiaries. Capital Global (BVI) Limited is a company incorporated British Virgin Islands and its subsidiaries are principally engaged in the provision of wealth management services in Hong Kong. The acquisition was completed in November 2011. The total consideration for the acquisition was HK$390.

Details of the net liabilities acquired in the business combination are as follows:

	Fair value *HK$*
Net liabilities acquired:	
Plant and equipment	508,206
Trade receivables	158,433
Deposits, prepayments and other receivables	117,050
Bank balances and cash	67,311
Trade and other payables	(263,195)
Amount due to holding company	(387,290)
Amount due to fellow subsidiaries	(1,263,051)
	(1,062,536)
Consideration paid	(390)
Fair value of identifiable net liabilities acquired	(531,268)
Goodwill *(Note 20)*	(531,658)
Total consideration satisfied by:	
Cash paid	390
Net cashflow arising from acquisition:	
Cash consideration paid	(390)
Bank balances and cash acquired (equal to 59% of total balance acquired)	39,714
Net cashflow of cash and cash equivalents in respect of the acquisition	39,324

For the period between the date of acquisition and 31 March 2012, Capital Global Wealth Management Limited contributed HK$77,832 to the Group's consolidated turnover and loss of HK$451,900 to the Group's profit for the year in consolidated statement of comprehensive income.

37. OPERATING LEASES COMMITMENTS

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	2013	2012
	HK$	*HK$*
Within one year	**2,190,912**	2,671,228
In the second to fifth year inclusive	**829,104**	–
	3,020,016	2,671,228

38. RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of the transactions between the Group and other related parties are disclosed below.

(a) During the year, the Group entered into the following transactions with related parties. The transactions were carried out at estimated market prices determined by the directors of the Company.

		2013	2012
		HK$	*HK$*
Commission and brokerage income from securities trading:			
– Au Suet Ming Clarea ("Ms. Au")	Substantial shareholder	**9,907**	10,594
– CAAL Capital Limited	Owned by Ms. Au	**402,543**	1,003,325
– China Merit International Holdings Limited	Owned by Ms. Au	**6,859**	4,373
– Au Yik Fei	Associate of Ms. Au	**300**	600
– Kitty Au Nim Bing	Associate of Ms. Au	**260**	250
– Au Yuk Kit	Associate of Ms. Au	**208**	344
Commission and brokerage income from futures contracts trading:			
– CAAL Capital Limited	Owned by Ms. Au	**–**	5,784
– Ms. Au	Substantial shareholder	**876**	–

38. RELATED PARTY TRANSACTIONS (continued)

(b) Included in trade receivables and payables arising from the business of dealing in securities and futures contracts are amounts due from/(to) certain related parties, the net balance of which are as follows:

		2013 HK$	2012 HK$
Amount due from/(to) related parties			
– Ms. Au	Substantial shareholder	**(6,505,333)**	(3,006,573)
– Cheong Lee Capital Limited	Owned by Ms. Au	**(4,526,940)**	(1,481,206)
– China Merit International Holdings Limited	Owned by Ms. Au	**(5,030,124)**	(1,586,289)
– Au Yik Fei	Associate of Ms. Au	**(373,281)**	(386,401)
– Au Yuk Kit	Associate of Ms. Au	**(202,866)**	(84,603)
– Kitty Au Nim Bing	Associate of Ms. Au	**(302,672)**	(76,760)

The fair values of the balances included in the accounts at the end of the reporting period approximate the corresponding carrying amounts.

The settlement terms of trade receivables/payables including transactions with related parties arising from the business of dealing in securities are T+2; and trade receivables/payables arising from the business of dealing in futures are T+1. The settlements terms are same as those with third parties. The related parties custodian, cash placed with the Group in it trust account were included in trade payables and would be settled upon request or the related party ceased to trade with the Group.

(c) The remuneration of directors of the Company and other members of key management during the year was as follows:

	2013 HK$	2012 HK$
Short-term benefits	**2,022,200**	2,526,822
Post-employment benefits	**38,500**	45,250
Share-based payment	**179,494**	194,454
	2,240,194	2,766,526

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Name of company	Place of incorporation/ operation	Issued and fully paid share capital/ registered capital	Attributable equity interest and voting power of the Group Directly	Attributable equity interest and voting power of the Group Indirectly	Principal activities
CL Group (BVI) Limited	British Virgin Islands	Ordinary share US$1	100%	–	Investment holding
Cheong Lee Securities Limited	Hong Kong	Ordinary share HK$ 40,000,000	–	100%	Provision of securities and futures brokerage and trading, placing and underwriting services, loan and financing services and securities advisory services
CL Asset Management Limited	Hong Kong	Ordinary share HK$ 500,000	–	100%	Investment holding
Green Wealth Group Limited	British Virgin Islands	Ordinary share US$1	–	100%	Investment holding
Blooming Business Holdings Limited	British Virgin Islands	Ordinary share US$1	–	100%	Inactive
CLC Finance Limited	Hong Kong	Ordinary share HK$1	–	100%	Provision of money lending service
CLC Immigration Consulting Limited	Hong Kong	Ordinary share HK$1	–	100%	Inactive
Capital Global (BVI) Limited	British Virgin Islands	Ordinary share US$100	–	91%	Investment holding
Capital Global Wealth management Limited	Hong Kong	Ordinary share HK$100,000	–	91%	Provision of wealth management service
Capital Global Investment Immigration Limited	Hong Kong	Ordinary share HK$1	–	91%	Inactive

FINANCIAL SUMMARY

For the year ended 31 March 2013

	2013	2012	2011	2010	2009
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Results					
Turnover	**48,546,509**	50,946,613	91,592,091	73,320,765	21,069,422
Profit from operations	**27,096,231**	27,516,771	43,892,742	46,452,292	4,113,867
Finance cost	**–**	(13)	–	(184,536)	(60)
Profit before tax	**27,096,231**	27,516,758	43,892,742	46,267,756	4,113,807
Income tax expenses	**(4,602,219)**	(4,808,216)	(7,713,137)	(7,609,382)	(674,832)
Profit for the year	**22,494,012**	22,708,542	36,179,605	38,658,374	3,438,975
Profit (loss) for the year attributable to:					
Owners of the Company	**22,491,674**	22,749,213	36,179,605	38,658,374	3,438,975
Non-controlling interests	**2,338**	(40,671)	–	–	–
	22,494,012	22,708,542	36,179,605	38,658,374	3,438,975
Basic earnings per share *(HK cents)*	**2.25**	2.27	4.72	5.15	0.46
Assets and liabilities					
Total assets	**221,194,952**	206,393,082	270,305,842	268,294,027	84,819,684
Total liabilities	**33,058,316**	21,025,691	87,818,121	199,020,228	61,166,375
Shareholders' funds	**188,136,636**	185,367,391	182,487,721	69,273,799	23,653,309

Notes:

1. The results for the years ended 31 March 2009 and 2010 were extracted from the Prospectus of the Company dated 28 February 2011. The earnings per share for the two years were computed based on 750,000,000 ordinary shares that would have been in issue throughout the two years on the assumption that the Reorganisation has been completed as at 1 April 2008.

2. Total assets and total liabilities of the Group as at 31 March 2009 and 2010 were extracted from the Prospectus of the Company dated 28 February 2011.