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CL GROUP (HOLDINGS) LIMITED

昌利（控股）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8098)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

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

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

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

FINANCIAL HIGHLIGHT

- Recorded an unaudited turnover of approximately HK\$33.5 million for the six months ended 30 September 2015, representing an increase of approximately 61.9% over the same period of the previous year.
- Recorded an unaudited profit attributable to the owners of the Company of approximately HK\$15.3 million for the six months ended 30 September 2015. The rise in profit was primarily attributable to the increased in the commission and brokerage income from securities dealing and the placing and underwriting commission income totally amounting to HK\$7.7 million, and the decrease in administrative expenses due to the absence of the non-cash share-based payment expenses of HK\$8.3 million recognised in 2014.
- Basic and diluted earnings per share for the six months ended 30 September 2015 were approximately HK1.39 cents (2014: basic earnings per share of HK0.38 cents) and HK1.37 cents (2014: Diluted earnings per share of approximately HK0.38 cents) respectively.
- The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2015 (2014: Nil).

The board of directors (the “Board”) of the Company is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the three months and six months ended 30 September 2015 together with comparative unaudited figures for the corresponding period in 2014, as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 30 September 2015

		Three months ended 30 September		Six months ended 30 September	
		2015 (unaudited) HK\$	2014 (unaudited) HK\$	2015 (unaudited) HK\$	2014 (unaudited) HK\$
	Notes				
Turnover	3	21,689,506	9,108,798	33,478,752	20,673,347
Gain on trading of financial assets at fair value through profit or loss		94,023	(231,619)	4,707,072	1,442,349
Net changes in fair value of financial assets at fair value through profit loss		(9,226,362)	(798,291)	(6,791,893)	808,275
Gain on trading in futures contracts		6,500	—	6,500	—
Net other income	4	5,118	259,621	25,504	262,666
Administrative expenses		(5,824,307)	(4,124,638)	(12,001,923)	(16,590,047)
Finance cost		(77,480)	—	(101,557)	(8,185)
Profit before tax		6,666,998	4,213,871	19,322,455	6,588,405
Income tax expenses	6	(2,350,959)	(998,608)	(4,019,380)	(2,426,898)
Profit and total comprehensive income for the period		4,316,039	3,215,263	15,303,075	4,161,507
Profit and total comprehensive income for the period attributable to:					
Owners of the Company		4,268,886	3,215,292	15,255,904	4,166,665
Non-controlling interests		47,153	(29)	47,171	(5,158)
		4,316,039	3,215,263	15,303,075	4,161,507
Earnings per share					
— Basic	8	0.39 cents	0.29 cents	1.39 cents	0.38 cents
— Diluted	8	0.39 cents	0.29 cents	1.37 cents	0.38 cents

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2015

		30 September 2015 (Unaudited) HK\$	31 March 2015 (Audited) HK\$
	Notes		
Non-current assets			
Plant and equipment	9	1,368,138	1,784,164
Intangible assets		24,723,917	25,532,129
Other assets		1,775,266	1,730,797
Deferred tax assets		89,595	32,271
		<u>27,956,916</u>	<u>29,079,361</u>
Current assets			
Trade receivables	10	145,556,948	89,221,974
Loan receivables	11	58,454,987	55,725,529
Other receivables, deposits and prepayments		745,144	6,292,401
Financial assets at fair value through profit or loss		22,971,516	19,351,707
Pledged bank deposit	12	10,000,000	10,000,000
Bank balances and cash – trust accounts	12	30,829,864	56,797,018
Bank balances and cash – general accounts	12	384,860	32,191,898
		<u>268,943,319</u>	<u>269,580,527</u>
Current liabilities			
Trade payables	13	35,996,687	62,833,349
Other payables and accruals		1,053,746	1,808,409
Bank overdraft		5,105,985	—
Bank borrowing		24,500,000	—
Tax payable		4,517,164	1,594,552
		<u>71,173,582</u>	<u>66,236,310</u>
Net current assets		<u>197,769,737</u>	<u>203,344,217</u>
Total assets less current liabilities		<u>225,726,653</u>	<u>232,423,578</u>
Net assets		<u>225,726,653</u>	<u>232,423,578</u>
Capital and reserves			
Share capital	14	11,000,000	11,000,000
Reserves		214,844,613	221,588,709
Equity attributable to owners of the Company		225,844,613	232,588,709
Non-controlling interests		(117,960)	(165,131)
Total equity		<u>225,726,653</u>	<u>232,423,578</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2015

	Share capital <i>HK\$</i>	Share premium <i>HK\$</i>	Merger reserve <i>HK\$</i>	Share option reserve <i>HK\$</i>	Retained profits <i>HK\$</i>	Attributable to owners of the Company <i>HK\$</i>	Non- controlling interests <i>HK\$</i>	Total <i>HK\$</i>
At 1 April 2015	11,000,000	141,963,232	32,500,000	8,275,000	38,850,477	232,588,709	(165,131)	232,423,578
Profit and total comprehensive income for the period	—	—	—	—	15,255,904	15,255,904	47,171	15,303,075
Dividend	—	—	—	—	(22,000,000)	(22,000,000)	—	(22,000,000)
At 30 September 2015	<u>11,000,000</u>	<u>141,963,232</u>	<u>32,500,000</u>	<u>8,275,000</u>	<u>32,106,381</u>	<u>225,844,613</u>	<u>(117,960)</u>	<u>225,726,653</u>
At 1 April 2014	11,000,000	141,963,232	32,500,000	—	38,175,120	223,638,352	(114,654)	223,523,698
Profit and total comprehensive income for the period	—	—	—	—	4,166,665	4,166,665	(5,158)	4,161,507
Recognition of equity-settled share-based payments	—	—	—	8,275,000	—	8,275,000	—	8,275,000
Dividend	—	—	—	—	(22,000,000)	(22,000,000)	—	(22,000,000)
At 30 September 2014	<u>11,000,000</u>	<u>141,963,232</u>	<u>32,500,000</u>	<u>8,275,000</u>	<u>20,341,785</u>	<u>214,080,017</u>	<u>(119,812)</u>	<u>213,960,205</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2015

	Six months ended 30 September	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Net cash used in operating activities	(50,001,075)	46,244,055
Net cash generated from investing activities	10,588,052	(1,546,709)
Net cash used in financing activities	<u>7,605,985</u>	<u>(32,000,000)</u>
Net decrease in cash and cash equivalents	(31,807,038)	12,697,346
Cash and cash equivalents at beginning of period	<u>32,191,898</u>	<u>36,682,421</u>
Cash and cash equivalents at end of period	<u><u>384,860</u></u>	<u><u>49,379,767</u></u>
Analysis of the balance of cash and cash equivalents		
Bank balances and cash	<u><u>384,860</u></u>	<u><u>49,379,767</u></u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 CORPORATE INFORMATION

The Company is incorporated in the Cayman Islands as an exempted company with limited liability. The Company's shares have been listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is same as 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 services, placing and underwriting services, securities advisory services and investment holding.

2 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated results have been prepared in accordance with accounting principles generally accepted in Hong Kong, Hong Kong Accounting Standards and Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the GEM Listing Rules. They have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value.

The accounting policies and method of computation used in preparing the unaudited condensed consolidated results are consistent with those used in the audited financial statements for the year ended 31 March 2015 except in relation to the new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are adopted for the first time for the current period's financial statements. The adoption of these new and revised HKFRSs has had no material impact on the unaudited condensed consolidated financial statements. The unaudited condensed consolidated interim results have not been reviewed by the Company's auditors, but have been reviewed by the Company's audit committee.

The Group has not early adopted any new HKFRSs that have been issued but are not yet effective.

3 TURNOVER

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

	Three months ended 30 September		Six months ended 30 September	
	2015	2014	2015	2014
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$	HK\$	HK\$	HK\$
Turnover				
Commission and brokerage fee from securities dealings	2,360,216	1,209,426	4,695,575	2,701,814
Commission and brokerage fee from dealing in futures contracts	50,125	9,072	59,275	18,156
Other services income	3,429	3,921	23,419	24,615
Placing and underwriting commission	8,484,304	494,400	8,484,304	2,667,525
Clearing and settlement fee	592,334	571,505	2,569,149	897,720
Handling service and dividend collection fees	44,926	116,298	238,016	206,318
Interest income				
from authorised financial institutions	48,344	45,216	90,418	89,074
from clients (including margin clients)	8,332,784	6,658,951	14,722,079	14,068,102
from others	858,324	9	1,058,324	23
Income derived from income right and film right	914,720	—	1,538,193	—
	21,689,506	9,108,798	33,478,752	20,673,347

4 NET OTHER INCOME

	Three months ended 30 September		Six months ended 30 September	
	2015	2014	2015	2014
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$	HK\$	HK\$	HK\$
Sundry income	5,118	259,621	25,504	262,666
	<u>5,118</u>	<u>259,621</u>	<u>25,504</u>	<u>262,666</u>

5 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” and “Placing and underwriting”, 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 services
Securities advisory service	Provision of securities advisory services
Investment holding	Investment income and capital appreciation

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.

Business segments

Segment revenues and results

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

Six months ended 30 September 2015 (Unaudited)						
	Securities and futures broking HK\$	Placing and underwriting HK\$	Loan and financing HK\$	Securities advisory HK\$	Investment holdings HK\$	Consolidated HK\$
Segment revenue	<u>18,462,441</u>	<u>8,484,304</u>	<u>3,923,069</u>	<u>—</u>	<u>2,608,938</u>	<u>33,478,752</u>
Segment results	<u>11,432,014</u>	<u>7,951,604</u>	<u>3,186,022</u>	<u>(109,128)</u>	<u>335,695</u>	<u>22,796,207</u>
Other income						25,504
Unallocated other operating expenses						(3,397,699)
Finance costs						(101,557)
Profit before tax						19,322,455
Income tax expenses						(4,019,380)
Profit for the period						<u>15,303,075</u>

Six months ended 30 September 2014 (Unaudited)						
	Securities and futures broking HK\$	Placing and underwriting HK\$	Loan and financing HK\$	Securities advisory HK\$	Investment holdings HK\$	Consolidated HK\$
Segment revenue	<u>11,501,700</u>	<u>2,667,525</u>	<u>6,464,414</u>	<u>—</u>	<u>39,708</u>	<u>20,673,347</u>
Segment results	<u>8,741,960</u>	<u>2,356,493</u>	<u>5,509,840</u>	<u>(91,405)</u>	<u>1,818,330</u>	18,335,218
Other income						262,666
Unallocated other operating expenses						(12,001,294)
Finance costs						(8,185)
Profit before tax						6,588,405
Income tax expenses						(2,426,898)
Profit for the period						<u>4,161,507</u>

Revenue reported above represents revenue generated from external customers. There was no inter-segment sale during the period (2014: Nil).

Segment assets and liabilities

As at 30 September 2015 (Unaudited)						
	Securities and futures broking HK\$	Placing and underwriting HK\$	Loan and financing HK\$	Securities advisory service HK\$	Investment holdings HK\$	Consolidated HK\$
Assets						
Segment assets	192,084,268	—	45,957,442	—	47,877,643	285,919,353
Unallocated assets						10,980,883
Total assets						296,900,236
Liabilities						
Segment liabilities	51,972,606	—	433,314	—	10,464,784	62,870,704
Unallocated liabilities						8,302,878
Total liabilities						71,173,582

As at 31 March 2015 (Audited)						
	Securities and futures broking HK\$	Placing and underwriting HK\$	Loan and financing HK\$	Securities advisory service HK\$	Investment holdings HK\$	Consolidated HK\$
Assets						
Segment assets	171,731,197	—	34,001,935	1,000,000	49,088,295	255,821,427
Unallocated assets						42,838,461
Total assets						298,659,888
Liabilities						
Segment liabilities	66,202,310	—	34,000	—	—	66,236,310
Unallocated liabilities						—
Total liabilities						66,236,310

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

- all assets are allocated to reportable segments other than pledged bank deposit, 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 segment; and
- all liabilities are allocated to reportable segments other than part of other payables and accruals. Liabilities for which segments are jointly liable are allocated in proportion to segment assets.

Other information

	Six months ended 30 September 2015 (Unaudited)					
	Securities and futures broking <i>HK\$</i>	Placing and underwriting <i>HK\$</i>	Loan and financing <i>HK\$</i>	Securities advisory services <i>HK\$</i>	Investment holdings <i>HK\$</i>	Consolidated <i>HK\$</i>
Additions to property and equipment	123,681	—	—	—	—	123,681
Depreciation of property and equipment	522,938	—	4,642	—	12,128	539,708
Amortisation of intangible assets	—	—	—	—	808,211	808,211

	Six months ended 30 September 2014 (Unaudited)					
	Securities and futures broking <i>HK\$</i>	Placing and underwriting <i>HK\$</i>	Loan and financing <i>HK\$</i>	Securities advisory services <i>HK\$</i>	Investment holdings <i>HK\$</i>	Consolidated <i>HK\$</i>
Additions to plant and equipment	2,029,571	—	40,214	—	—	2,069,785
Depreciation of plant and equipment	266,594	—	1,140	—	—	267,734
Amortisation of intangible assets	—	—	—	—	241,688	241,688

Geographical information

The Group operates in the two principal geographical areas – Hong Kong and the PRC.

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

	Revenue from external customers		Non-current assets*	
	Six months ended 30 September 2015 HK\$ (Unaudited)	2014 HK\$ (Unaudited)	As at 30 September 2015 HK\$ (Unaudited)	As at 31 March 2015 HK\$ (Audited)
Hong Kong	32,250,692	20,673,347	5,032,729	5,614,211
The PRC	1,228,060	—	22,834,592	23,432,879
	33,478,752	20,673,347	27,867,321	29,047,090

* Non-current assets exclude financial instrument and deferred tax assets.

Information on major customers

A major customer of the Group accounted for approximately 12% (2014: 13%) of the total revenue during the six months ended 30 September 2015.

6 INCOME TAX EXPENSES

	Three months ended 30 September		Six months ended 30 September	
	2015	2014	2015	2014
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$	HK\$	HK\$	HK\$
Hong Kong Profits Tax — current period	2,386,667	986,633	4,076,705	2,420,821
Deferred tax — current period	(35,708)	11,975	(57,325)	6,077
	<u>2,350,959</u>	<u>998,608</u>	<u>4,019,380</u>	<u>2,426,898</u>

Hong Kong Profits Tax is calculated at 16.5% (2014: 16.5%) of the estimate assessable profits arising in Hong Kong for the three months and six months ended 30 September 2015 and 2014.

7 DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2015 (2014: Nil).

8 EARNINGS PER SHARE

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

	Three months ended 30 September		Six months ended 30 September	
	2015	2014	2015	2014
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$	HK\$	HK\$	HK\$
<i>Note</i>				
Profit for the period attributable to owners of the Company	<u>4,268,886</u>	<u>3,215,292</u>	<u>15,255,904</u>	<u>4,166,665</u>
	Three months ended 30 September		Six months ended 30 September	
	2015	2014	2015	2014
	No. of shares	No. of shares	No. of shares	No. of shares
Weighted average number of ordinary shares in issue during the period	<u>1,100,000,000</u>	<u>1,100,000,000</u>	<u>1,100,000,000</u>	<u>1,100,000,000</u>
Weighted average number of ordinary shares and dilutive potential ordinary shares in issue during the period	(a) <u>1,110,249,735</u>	<u>1,100,000,000</u>	<u>1,101,304,348</u>	<u>1,100,000,000</u>

Note:

- (a) No adjustment had been made to the basic earnings per share amounts presented for the three months and six months ended 30 September 2015 as the conversion of the outstanding share options during the period had an anti-dilutive effect on the basic earnings per share because the exercise price per share option was higher than the average share price of the Company for the period.

9 PLANT AND EQUIPMENT

During the six months ended 30 September 2015, the Group acquired items of plant and equipment with a cost of HK\$123,681 (31 March 2015: HK\$2,101,945). During the six months ended 30 September 2015, the Group have not disposed items and write-off of plant and equipment. The Group have not disposed or write-off of plant and equipment during the six months ended 30 September 2014.

10 TRADE RECEIVABLES

	30 September 2015 HK\$ (Unaudited)	31 March 2015 HK\$ (Audited)
Trade receivables from the business of dealing in futures contracts:		
Clearing houses	1,569,919	6
Trade receivables from the business of dealing in securities:		
Cash clients	564,476	256,700
Margin clients	143,141,758	83,383,243
Clearing houses and brokers	80,529	4,374,444
Trade receivables from securities advisory service	—	1,000,000
Income receivable from the income right	200,266	207,581
	<u>145,556,948</u>	<u>89,221,974</u>

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

Listed securities of clients are held as collateral against secured margin loans and term loans. The fair value of the listed securities at 30 September 2015 held as collateral was HK\$320,414,722 (31 March 2015: HK\$226,910,420).

The aging analysis of the trade receivables are as follows:

	30 September 2015 HK\$ (Unaudited)	31 March 2015 HK\$ (Audited)
Margin clients balances:		
No due date	143,055,197	83,296,682
Past due	86,561	86,561
	<u>143,141,758</u>	<u>83,383,243</u>
Cash clients balances:		
No due date	564,476	119,612
Past due	—	—
	<u>564,476</u>	<u>119,612</u>
Other balances:		
Not yet due (within 30 days)	1,850,714	4,719,119
Past due	—	1,000,000
	<u>1,850,714</u>	<u>5,719,119</u>
	<u>145,556,948</u>	<u>89,221,974</u>

Impairment loss on trade receivables:

	30 September 2015 HK\$ (Unaudited)	31 March 2015 HK\$ (Audited)
Balance at beginning of the period	2,799,690	2,343,787
Reverse of impairment loss	—	—
Write-off of provision of impairment loss	—	—
Impairment loss for the year	—	455,903
	<u>2,799,690</u>	<u>2,799,690</u>
Balance at end of the period	<u>2,799,690</u>	<u>2,799,690</u>

Age of receivables that are past due but not impaired:

	30 September 2015 HK\$ (Unaudited)	31 March 2015 HK\$ (Audited)
Margin clients balances:		
Past due	<u>86,561</u>	<u>86,561</u>
Other balances:		
Less than 1 month past due	—	1,000,000
1 to 3 months past due	—	—
Over 3 months but less than 1 year past due	—	—
Over 1 year past due	—	—
	<u>—</u>	<u>1,000,000</u>
	<u>86,561</u>	<u>1,086,561</u>

11 LOAN RECEIVABLES

	30 September 2015 HK\$ (Unaudited)	31 March 2015 HK\$ (Audited)
Loan receivables and loan interest receivables	<u>58,454,987</u>	<u>55,725,529</u>
Securities on loan receivables		
Secured	47,427,733	42,481,940
Unsecured	<u>6,504,718</u>	<u>7,016,830</u>
	<u>53,932,451</u>	<u>49,498,770</u>

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.

At 30 September 2015, it have HK\$389,809 that are past due but not impaired (31 March 2015: HK\$1,876,245).

12 BANK BALANCE AND CASH/PLEDGED BANK DEPOSIT

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 one 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 bank 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.

Pledge bank deposit represents deposit pledged to bank to secure bank facilities granted to the Group. Deposits amounting to HK\$10,000,000 (HK\$10,000,000 as at 31 March 2015) have been pledged to secure bank overdrafts and is therefore classified as current assets.

13 TRADE PAYABLES

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 aged analysis does not give additional value in view of the nature of this business.

Included in trade payables to cash clients attributable to dealing in securities and futures transaction which described in Note 12 to the interim financial statement representing these clients' undrawn monies/excess deposits placed with the Company. The balances are repayable on demand.

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

14 SHARE CAPITAL

The Company

	<i>Number of shares</i>	<i>HK\$</i>
Authorised:		
As at 31 March 2015 and 30 September 2015, ordinary shares of HK\$0.01 each	<u>5,000,000,000</u>	<u>50,000,000</u>
	<i>Number of shares</i>	<i>HK\$</i>
Issued and fully paid:		
As at 31 March 2015 and 30 September 2015, ordinary shares of HK\$0.01 each	<u>1,100,000,000</u>	<u>11,000,000</u>

15 CONTINGENT LIABILITIES

As at 30 September 2015, neither the Group nor the Company had any significant contingent liabilities (31 March 2015: Nil).

16 CAPITAL COMMITMENT

As at 30 September 2015, the Company did not have any significant commitments (31 March 2015: Nil).

17 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 transactions between the Group and other related parties are disclosed below.

- (a) During the period, 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.

		Three months ended 30 September		Six months ended 30 September	
		2015	2014	2015	2014
		HK\$	HK\$	HK\$	HK\$
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Commission and brokerage income from securities trading:					
— Au Suet Ming Clarea (“Ms. Au”) and her associate	Substantial shareholder	6,165	7,745	22,243	12,445
— CAAL Capital Limited	Owned by Ms. Au	111,816	83,454	210,701	179,164
— China Merit International Holdings Limited	Owned by Ms. Au	513	100	713	100
— C. L. Management Services Limited	Owned by Ms. Au	—	—	—	1,415
— Au Yik Fei	Associate of Ms. Au	2,918	645	10,143	2,324
— Au Yuk Kit	Associate of Ms. Au	—	129	2,034	316
Commission and brokerage income from futures contracts trading:					
— Ms. Au	Substantial shareholder	—	—	—	361

- (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:

		As at 30 September 2015 HK\$ (Unaudited)	As at 31 March 2015 HK\$ (Audited)
Amount due from/(to) related parties			
— Ms. Au and her associate	Substantial shareholder	294,009	(442,916)
— CAAL Capital Company Limited	Owned by Ms. Au	3,275	(13,144,153)
— China Merit International Holdings Limited	Owned by Ms. Au	(8,481)	(331,555)
— Au Yik Fei	Associate of Ms. Au	58,157	(4,777)
— Au Yuk Kit	Associate of Ms. Au	(10,360)	(329,436)
— Kitty Au Nim Bing	Associate of Ms. Au	(677,234)	(291,055)
— C.L. Management Services Limited	Owned by Ms. Au	(350,719)	(350,719)

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 custodians', cash placed with the Group in its 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 period was as follows:

	Six months ended	
	30 September	30 September
	2015	2014
	HK\$	HK\$
Short-term benefits	960,300	954,003
Post-employment benefits	—	—
Share based payment	—	4,965,000
	960,300	5,919,003

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

During the six months period under review, the Global stock market was volatile. Optimism prevailed, benefit by the news that Mainland-Hong Kong Mutual Recognition of Funds Initiative, Hang Seng Index hit a seven-year high of 28,588.52. However the Greek debts crisis, the market corrections, and a sudden RMB movement, the stock market suffered from an adjustment in 3Q 2015.

As at 30 September 2015, the Hang Seng Index recorded as 20,846.30 representing approximately 5.4% decrease as compared with 24,900.89 as at 31 March 2015.

BUSINESS REVIEW

Turnover

The Group's total turnover and investment income for the six months ended 30 September 2015 was approximately HK\$31.4 million, as compared with the corresponding period in 2014 of approximately HK\$22.9 million, increased by approximately 37.0% or approximately HK\$8.5 million.

Securities and Futures Brokerage

Revenue from Securities and Futures Brokerage represent commission and brokerage fee and other fees including interest derived from cash and margin securities or futures accounts and interest from IPO financing.

The commission and brokerage fees from securities dealing increased by approximately 73.8% from approximately HK\$2.7 million for the six months ended 30 September 2014 to approximately HK\$4.7 million for the six months ended 30 September 2015. The total value of transactions for securities dealing increased by approximately 188.2% from approximately HK\$43,213.6 million for the six months ended 30 September 2014 to approximately HK\$124,532.6 million for the six months ended 30 September 2015. As a result, income relating to clearing and settlement fee and handling service also increased by approximately 159.7% from HK\$1,081,038 for the six months ended 30 September 2014 to HK\$2,807,165 for the six months ended 30 September 2015.

The commission and brokerage fees on dealing in futures contracts increased by approximately 226.5% from HK\$18,156 for the six months ended 30 September 2014 to HK\$59,275 for the six months ended 30 September 2015.

The interest income derived from cash and margin securities accounts for the six months ended 30 September 2015 was approximately HK\$10.8 million represents an increase of approximately 42.9% from approximately HK\$7.6 million of the corresponding period in 2014.

The other services income decreased by approximately 4.9% from HK\$24,615 for the six months ended 30 September 2014 to HK\$23,419 for the six months ended 30 September 2015.

Loan and Financing

The Group holds Money Lenders Licence under the Money Lenders Ordinance to engage in money lending business. CLC Finance Limited, the Company's wholly-owned subsidiary, provides loan and financing service to customers. As at 30 September 2015, CLC Finance Limited maintained the loan

portfolio amounting to HK\$50.8 million. The interest income derived from providing loan and finance to customers for the six months ended 30 September 2015 was approximately HK\$3.9 million (2014: approximately HK\$6.5 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.

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.

The placing and underwriting commission increased by approximately 218.1% from approximately HK\$2.7 million for the six months ended 30 September 2014 to HK\$8.5 million for the six months ended 30 September 2015.

Investment Holding

The Group maintained a portfolio investments included the holding of listed equity securities, bonds, income right and film right. The Group traded equity securities listed in Hong Kong and Canada. The Group holds an income right of the photovoltaic power plant at the rooftop of a factory located at Hunan Province, the PRC to generate fixed cash inflow. As at 30 September 2015, the total value of the Group investment portfolio was approximately HK\$47.7 million (31 March 2015: approximately HK\$44.9 million), including the value of portfolio of listed securities of approximately HK\$13.0 million (31 March 2015: approximately HK\$19.4 million).

During the period under review, the gain on trading of financial assets at fair value through profit or loss of approximately HK\$4.7 million and net changes in fair value loss of financial assets at fair value through profit or loss of approximately HK\$6.8 million (2014: approximately HK\$1.4 million and fair value gain of approximately HK\$0.8 million respectively).

FINANCIAL REVIEW

The Group's revenue for the six months ended 30 September 2015 was approximately HK\$33.5 million, representing an increase of approximately 61.9% from approximately HK\$20.7 million of the corresponding period in 2014.

Administrative expenses for the six months ended 30 September 2015 were approximately HK\$12.0 million (approximately HK\$16.6 million for the six months ended 30 September 2014) representing a decrease of approximately 27.7%, mainly attributed to the absence of the non-cash share-based payment expenses of HK\$8.3 million recognised in 2014. Staff cost excluding the effects of fair value provision for share options decreased by approximately 2.6% from approximately HK\$2.8 million for the six months ended 30 September 2014 to approximately HK\$2.7 million for the six months ended 30 September 2015.

Profit attributable to the owners of the Company amounted to HK\$15.3 million for the six months ended 30 September 2015 (HK\$4.2 million for the six months ended 30 September 2014). The rise in net profit was mainly attributed to the increased in commission and brokerage income from

securities dealing and the placing and underwriting commission income totally amounting to approximately HK\$7.7 million and the decrease in administrative expenses due to the absence of the non-cash share based payment expenses of approximately HK\$8.3 million recognised in 2014, as described above. Earnings per share attributable to owners of the Company was approximately HK1.39 cent for the six months ended 30 September 2015 (approximately HK0.38 cent for the six months ended 30 September 2014). Diluted earnings per share for the six months ended 30 September 2015 were approximately HK1.37 cent (2014: diluted earnings per share of approximately HK0.39 cent).

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

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

The Group maintained a healthy financial position, with pledged bank deposit and bank balance and cash in general accounts amounting to approximately HK\$10.4 million as at 30 September 2015 (approximately HK\$42.2 million as at 31 March 2015). Most of the Group's cash and bank balances in general accounts were denominated in Hong Kong dollars. As at 30 September 2015, the Group had net current assets of approximately HK\$197.8 million (approximately HK\$203.3 million as at 31 March 2015). Current ratio of the Group as at 30 September 2015 was approximately 3.8 times (approximately 4.1 times as at 31 March 2015).

As at 30 September 2015, the Group had no secured loan (31 March 2015: 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 at 30 September 2015, the Group has bank borrowings totally HK\$29.6 million and, accordingly, the gearing ratio is approximately 13.1% (Nil as at 31 March 2015).

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.

CAPITAL COMMITMENTS

As at 30 September 2015, the Group did not have any significant capital commitments (Nil as at 31 March 2015).

DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2015.

STAFF AND REMUNERATION POLICIES

The Group believes that staff is our most valuable asset, they are encouraged to pursue excellence at work and career development. We encourage staff to maintain healthy balance between work and life, and communicate with staff to enhance staff morale and their sense of belonging.

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.

CHARGE ON GROUP ASSETS AND GUARANTEE

As at 30 September 2015, certain bank deposits of the Group's subsidiaries in the aggregate amount of HK\$10 million were pledged and corporate guarantee from the Company for securing overdraft and revolving loan facilities amounted to HK\$34.5 million (31 March 2015: HK\$35 million) issued by the banks to the Group. As at 30 September 2015, total amount of utilized banking facilities was approximately HK\$29.6 million (Nil as at 31 March 2015).

CONTINGENT LIABILITIES

As at 30 September 2015, the Group had no material contingent liabilities (\$Nil as at 31 March 2015).

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.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 30 September 2015, the Group had no plans for material investments or acquisition of capital assets, but will actively pursue opportunities for investments to enhance the profitability of the Group in its ordinary course of business.

OUTLOOK

The US Federal Reserve maintained its benchmark rate unchanged in September, in view of the uncertainties about the timetable for the US interest rate hike, and the concerns over the People's Republic China's economic slowdown, the market might still be volatile. The Group will leverage the knowledge and experience of our management team to seize opportunities as they arise. The Group will continue to put efforts on expanding the margin and loan financing business and securities advisory service and on satisfying the needs of our customers.

The Group aims to become a leading financial service group in Hong Kong. The Group will 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.

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

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

SHARE OPTIONS SCHEMES

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

Pre-IPO Share Option Scheme

The Company has adopted 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 of the Company dated 28 February 2011.

There are no share options granted and outstanding under the Pre-IPO Share Option Scheme as at 30 September 2015.

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, the remaining life of the Share Option Scheme is 6 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. An offer for the grant of share options must be accepted within 7 days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK\$1.

As at 30 September 2015, the total number of shares in respect of which share options may be granted under the Share Option Scheme is not permitted to exceed 110,000,000 shares, representing 10% of the total number of shares of the Company as at 30 September 2015.

Under the share option scheme, the Company may grant to directors (the “Directors”) and employees of the Group and any other persons who, in the sole discretion of the Board, have contributed or will contribute to the Group which options granted shall be immediately vested. The maximum number of shares to be issued upon exercise of all outstanding options granted and yet to be exercised under the share option scheme and any other share option scheme of the Company must not in aggregate exceed 30% of the total number of shares in issue from time to time.

The total number of shares which may be issued upon exercise of all options to be granted under the share option scheme and any other share option scheme of the Company must not in aggregate exceed 10% of the shares in issue at the date of the passing of the relevant ordinary resolution. If any option is to be granted to connected person(s), it must be approved by independent non-executive directors or independent shareholders as the case may be.

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 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 total number of shares in respect of which share options granted under the Share Option Scheme as at 30 September 2015 and not yet exercised was 50,000,000 which represented approximately 4.55% of the issued share capital of the Company as at 30 September 2015.

As at 30 September 2015, details of the share options granted under the Share Option Scheme are as follows:

Grantees	Date of Grant (dd/mm/yyyy)	Exercise price per share HK\$	Exercisable period (dd/mm/yyyy)	Balance as at 1 April 2015	Changes during the period			Balance as at 30 September 2015
					Granted	Exercised	Cancelled/ lapsed	
Kwok Kin Chung, Executive Director	09/04/2014	0.455	09/04/2014–08/04/2023	10,000,000	—	—	—	10,000,000
Yu Linda, Executive Director	09/04/2014	0.455	09/04/2014–08/04/2023	10,000,000	—	—	—	10,000,000
Lau Kin Hon, Executive Director	09/04/2014	0.455	09/04/2014–08/04/2023	10,000,000	—	—	—	10,000,000
Sub-total				<u>30,000,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>30,000,000</u>
Employees and Other Participants	09/04/2014	0.455	09/04/2014–08/04/2023	20,000,000	—	—	—	20,000,000
Total				<u>50,000,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>50,000,000</u>
Weighted average exercise price				<u>0.455</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>0.455</u>

FAIR VALUE OF SHARE OPTIONS AND ASSUMPTIONS

The fair value of share option granted at the grant date was HK\$0.1655 per share, which are calculated using the Black-Scholes model with the following inputs:

Date of grant	: 9 April 2014
Share price at the grant date	: HK\$0.410
Exercise price	: HK\$0.455
Expected volatility	: 55.019%
Expected life of option	: 9 years
Expected dividend yield	: 5.860%
Risk free rate	: 2.106%

The fair values of share options granted by the Company were determined by using Black-Scholes option pricing model (the “Model”). The Model is one of the commonly used models to estimate the fair value of an option. The variables and assumptions used in computing the fair value of the share options are based on the management’s best estimate. The value of an option varies with different variables of a number of subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of an option.

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

As at 30 September 2015, 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 or short positions in the shares of the Company, 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 THE SHARES AND UNDERLYING SHARES OF THE COMPANY

Share Option

As at 30 September 2015, there were a total of 30,000,000 outstanding share options of the Company granted to the Directors, details of which are summarised in the following table:

Director	Date of grant (dd/mm/yyyy)	Options to Subscribe for Shares of the Company				Outstanding		Exercise price per share	Approximate percentage of shareholding
		Outstanding as at 1 April 2015	Granted during the period	Exercised during the period	Lapsed during the period	as at 30 September 2015	Option exercise Period (dd/mm/yyyy)		
Kwok Kin Chung	09/04/2014	10,000,000	—	—	—	10,000,000	09/04/2014 to 08/04/2023	HK\$0.455	0.91%
Yu Linda	09/04/2014	10,000,000	—	—	—	10,000,000	09/04/2014 to 08/04/2023	HK\$0.455	0.91%
Lau Kin Hon	09/04/2014	10,000,000	—	—	—	10,000,000	09/04/2014 to 08/04/2023	HK\$0.455	0.91%
Total		<u>30,000,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>30,000,000</u>			<u>2.73%</u>

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 30 September 2015.

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

As at 30 September 2015, 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 Executives 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	68.18%
Ms. Au Suet Ming Clarea (<i>note i</i>)	750,000,000	68.18%

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 30 September 2015, 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.

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 six months ended 30 September 2015.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

For the six months ended 30 September 2015, the Directors are not aware of any business or interest of the Directors, the controlling shareholder(s) of the Company and their respective close associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the code of conduct for securities transactions by the Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had made specific enquiry to all the Directors and the Directors confirmed that they have complied with the required standard of dealings and its code of conduct regarding securities transactions by Directors during the six months ended 30 September 2015.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to promoting high standards of corporate governance. The Directors believe that sound and reasonable corporate governance practices are essential for the growth of the Group and for safeguarding the shareholders' interests and the Group's assets.

Throughout the period of six months ended 30 September 2015, the Company has complied with all the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules.

AUDIT COMMITTEE

The Company set up an audit committee (the "Committee") with written terms of reference in compliance with the GEM Listing Rules, for the purpose of reviewing and providing supervision over the financial reporting process and internal control of the Group. The Committee comprises three independent non-executive directors of the Company, namely Mr. Au-Yeung Tai Hong Rorce, Mr. Poon Wing Chuen and Mr. Chiu Wai Keung. The unaudited condensed consolidated interim results of the Group for the six months ended 30 September 2015 have been reviewed by the Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards, the Stock Exchange and legal requirements, and that adequate disclosures have been made.

By Order of the Board
CL Group (Holdings) Limited
Kwok Kin Chung
Executive Director

Hong Kong, 10 November 2015

As at the date of this announcement, the Company's non-executive Director is Mr. Alexis Ventouras (Chairman), the Company's executive Directors are Mr. Kwok Kin Chung (Chief Executive Officer), Mr. Lau Kin Hon and Ms. Yu Linda, and the Company's independent non-executive Directors are Mr. Au-Yeung Tai Hong Rorce, Mr. Chiu Wai Keung and Mr. Poon Wing Chuen.

This announcement will remain on the "Latest Company Announcements" page of the Stock Exchange website at www.hkexnews.hk for at least 7 days from the date of its posting. This announcement will also be posted on the Company's website at www.cheongleesec.com.hk