

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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 2017

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

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

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

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

FINANCIAL HIGHLIGHT

- Recorded an unaudited revenue of approximately HK\$23.7 million for the six months ended 30 September 2017, representing a decrease of approximately 35.6% over the same period of the previous year. The decrease in revenue was mainly due to the decrease in placing and underwriting commission for HK\$10.2 million as well as the decrease in interest income from clients for HK\$3.9 million.
- Recorded an unaudited profit and total comprehensive income attributable to the owners of the Company of approximately HK\$11.6 million for the six months ended 30 September 2017. The decrease in profit and total comprehensive income attributable to the owners of the Company as compared with the corresponding period in 2016, which was mainly attributed to the drop in placing and underwriting commission and interest income from clients.
- Basic and diluted earnings per share for the six months ended 30 September 2017 were HK0.53 cent (2016: basic earnings per share of HK0.95 cent) and HK0.53 cent (2016: diluted earnings per share of HK0.95 cent respectively).
- The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2017 (six months ended 30 September 2016: 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 2017 together with comparative unaudited figures for the corresponding period in 2016, as follows:

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

For the three months and six months ended 30 September 2017

	Notes	Three months ended 30 September		Six months ended 30 September	
		2017 (Unaudited) HK\$	2016 (Unaudited) HK\$	2017 (Unaudited) HK\$	2016 (Unaudited) HK\$
Revenue	3	12,439,675	25,206,571	23,736,155	36,847,825
Net gain on trading of financial assets at fair value through profit or loss		1,055,995	1,301,200	1,360,435	1,301,200
Net changes in fair value of financial assets at fair value through profit or loss		(194,092)	2,028,730	(628,932)	1,912,930
Net other income, gains and losses	4	365,326	114,143	714,159	116,295
Administrative expenses		(5,462,793)	(9,484,636)	(11,012,656)	(15,082,506)
Finance costs		(53,241)	(79,076)	(124,638)	(207,340)
Profit before tax		8,150,870	19,086,932	14,044,523	24,888,404
Income tax expenses	6	(1,380,155)	(3,110,186)	(2,417,734)	(3,905,123)
Profit and total comprehensive income for the period		<u>6,770,715</u>	<u>15,976,746</u>	<u>11,626,789</u>	<u>20,983,281</u>
Profit and total comprehensive income for the period attributable to:					
Owners of the Company		6,770,715	15,965,423	11,626,789	20,973,619
Non-controlling interests		—	11,323	—	9,662
		<u>6,770,715</u>	<u>15,976,746</u>	<u>11,626,789</u>	<u>20,983,281</u>
Earnings per share					
— Basic	8	<u>0.31 cent</u>	<u>0.73 cent</u>	<u>0.53 cent</u>	<u>0.95 cent</u>
— Diluted	8	<u>0.31 cent</u>	<u>0.73 cent</u>	<u>0.53 cent</u>	<u>0.95 cent</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2017

		30 September 2017 (Unaudited) HK\$	31 March 2017 (Audited) HK\$
	Notes		
Non-current assets			
Plant and equipment	9	1,770,342	2,068,556
Intangible assets		20,441,447	21,039,733
Other assets		1,744,101	1,745,491
Rental and utility deposits		708,895	708,895
Loans receivables	11	29,369	33,551
		<u>24,694,154</u>	<u>25,596,226</u>
Current assets			
Trade receivables	10	92,182,774	92,464,712
Loan receivables	11	80,056,539	78,639,077
Other receivables, deposits and prepayments		2,583,101	1,640,533
Financial assets at fair value through profit or loss		33,465,360	29,129,947
Held-to-maturity investments		10,000,000	22,000,000
Tax refundable		—	71,005
Pledged bank deposit	12	10,000,000	10,000,000
Bank balances and cash — trust accounts	12	24,506,866	21,567,948
Bank balances and cash — general accounts	12	3,687,152	11,918,299
		<u>256,481,792</u>	<u>267,431,521</u>
Current liabilities			
Trade payables	13	25,964,428	22,765,574
Other payables and accruals		2,405,020	1,854,494
Bank borrowings	14	6,000,000	12,200,000
Income tax payables		3,056,105	2,265,893
		<u>37,425,553</u>	<u>39,085,961</u>
Net current assets		<u>219,056,239</u>	<u>228,345,560</u>
Total assets less current liabilities		<u>243,750,393</u>	<u>253,941,786</u>

		30 September 2017 (Unaudited) HK\$	31 March 2017 (Audited) HK\$
	Notes		
Non-current liability			
Deferred tax liabilities		<u>1,849,395</u>	<u>1,667,577</u>
Net assets		<u>241,900,998</u>	<u>252,274,209</u>
Capital and reserves			
Share capital	15	22,000,000	22,000,000
Reserves		<u>219,900,998</u>	<u>230,274,209</u>
Equity attributable to owners of the Company		<u>241,900,998</u>	<u>252,274,209</u>
Total equity		<u>241,900,998</u>	<u>252,274,209</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2017

	Share capital	Share premium	Merger reserve	Share options reserve	Capital reserve	Retained profits	Attributable to owners of the Company	Non-controlling interests	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
At 1 April 2017	22,000,000	130,931,993	32,500,000	8,275,000	(112,519)	58,679,735	252,274,209	—	252,274,209
Profit and total comprehensive income for the period	—	—	—	—	—	11,626,789	11,626,789	—	11,626,789
Dividend	—	—	—	—	—	(22,000,000)	(22,000,000)	—	(22,000,000)
At 30 September 2017	<u>22,000,000</u>	<u>130,931,993</u>	<u>32,500,000</u>	<u>8,275,000</u>	<u>(112,519)</u>	<u>48,306,524</u>	<u>241,900,998</u>	<u>—</u>	<u>241,900,998</u>
At 1 April 2016	11,000,000	141,963,232	32,500,000	8,275,000	—	37,941,192	231,679,424	(116,602)	231,562,822
Profit and total comprehensive income for the period	—	—	—	—	—	20,973,619	20,973,619	9,662	20,983,281
Issue of new shares under the bonus issues	11,000,000	(11,000,000)	—	—	—	—	—	—	—
Dividend	—	—	—	—	—	(22,000,000)	(22,000,000)	—	(22,000,000)
At 30 September 2016	<u>22,000,000</u>	<u>130,963,232</u>	<u>32,500,000</u>	<u>8,275,000</u>	<u>—</u>	<u>36,914,811</u>	<u>230,653,043</u>	<u>(106,940)</u>	<u>230,546,103</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2017

	Six months ended	
	30 September	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Net cash generated from operating activities	1,138,971	12,183,158
Net cash generated from investing activities	18,829,882	14,425,684
Net cash used in from financing activities	(28,200,000)	(30,700,000)
Net decrease in cash and cash equivalents	(8,231,147)	(4,091,158)
Cash and cash equivalents at beginning of period	11,918,299	498,864
Cash and cash equivalents at end of period	<u>3,687,152</u>	<u>(3,592,294)</u>
Analysis of the balance of cash and cash equivalents		
Bank balances and cash — general accounts	3,687,152	545,944
Bank overdraft	—	(4,138,238)
	<u>3,687,152</u>	<u>(3,592,294)</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 condensed 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 (the "HKICPA") 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. It was authorised for issue on 10 November 2017.

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 2017 except in relation to the new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the 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 auditor, but have been reviewed by the Company's audit committee.

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

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since 31 March 2017. The condensed consolidated financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with the HKFRSs.

The interim financial report is unaudited. The financial information relating to the financial year ended 31 March 2017 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for the financial year but is derived from those financial statements. The statutory financial statements for the year ended 31 March 2017 are available from the Company's registered office. The auditor has expressed an unqualified opinion on those financial statements in their report dated 27 June 2017.

3 Revenue

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	
	2017	2016	2017	2016
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$	HK\$	HK\$	HK\$
Commission and brokerage fees from securities dealings on the Stock Exchange	2,438,657	2,142,050	4,202,520	3,761,707
Placing and underwriting commission	210,000	10,514,544	280,000	10,514,544
Commission and brokerage fees from dealing in futures contracts	66,769	90,000	69,819	163,140
Commission from securities advisory services	1,000,000	1,400,000	1,000,000	1,400,000
Other services income	19,838	247,325	20,575	248,022
Clearing and settlement fees	714,179	700,810	998,771	1,277,243
Handling service and dividend collection fees	55,879	149,347	114,106	284,620
Interest income from				
— clients (including margin clients)	6,164,937	8,857,521	13,118,620	17,062,820
— authorised financial institutions	54,636	27,140	94,279	60,521
— others	1,036,068	500,014	2,398,362	909,882
Income derived from income right	587,042	577,820	1,154,241	1,165,326
Market data subscription income	91,670	—	284,862	—
	<u>12,439,675</u>	<u>25,206,571</u>	<u>23,736,155</u>	<u>36,847,825</u>

4 Net other income, gains and losses

	Three months ended		Six months ended	
	30 September		30 September	
	2017	2016	2017	2016
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$	HK\$	HK\$	HK\$
Net exchange gain/(loss)	12,822	(6,122)	13,081	(6,640)
Recovery of other receivables	320,642	—	634,956	—
Sundry income	31,862	120,265	66,122	122,935
	<u>365,326</u>	<u>114,143</u>	<u>714,159</u>	<u>116,295</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, futures and options brokering and trading” and “Placing and underwriting”, “Loan financing”, “Securities advisory service” and “investment holding” 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, futures and options brokering and trading	Provision of securities and futures brokering services and margin financing
Placing and underwriting	Provision of placing and underwriting services
Loan financing	Provision of money lending services
Securities advisory services	Provision of securities advisory services
Investment holdings	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 CODM.

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 2017 (Unaudited)						
	Securities, futures and options brokering and trading HK\$	Placing and underwriting HK\$	Loan financing HK\$	Securities advisory services HK\$	Investment holdings HK\$	Consolidated HK\$
Segment revenue	<u>11,317,207</u>	<u>280,000</u>	<u>7,352,698</u>	<u>1,000,000</u>	<u>3,786,250</u>	<u>23,736,155</u>
Segment results	<u>4,949,915</u>	<u>36,120</u>	<u>6,088,195</u>	<u>908,251</u>	<u>3,643,918</u>	<u>15,626,399</u>
Net other income, gains and losses						714,159
Unallocated other operating expenses						(2,171,397)
Finance costs						<u>(124,638)</u>
Profit before tax						14,044,523
Income tax expenses						<u>(2,417,734)</u>
Profit for the period						<u>11,626,789</u>

Six months ended 30 September 2016 (Unaudited)						
	Securities, futures and options brokering and trading HK\$ (restated)	Placing and underwriting HK\$ (restated)	Loan financing HK\$	Securities advisory services HK\$	Investment holdings HK\$	Consolidated HK\$ (restated)
Segment revenue	<u>12,602,788</u>	<u>10,514,544</u>	<u>10,005,350</u>	<u>1,400,000</u>	<u>2,325,143</u>	<u>36,847,825</u>
Segment results	<u>6,614,566</u>	<u>6,289,483</u>	<u>8,610,335</u>	<u>1,282,940</u>	<u>4,700,978</u>	<u>27,498,302</u>
Net other income, gains and losses						116,295
Unallocated other operating expenses						(2,518,853)
Finance costs						<u>(207,340)</u>
Profit before tax						24,888,404
Income tax expenses						<u>(3,905,123)</u>
Profit for the period						<u>20,983,281</u>

Revenue reported above represents revenue generated from external customers. There was no inter-segment sale during the period (six months ended 30 September 2016: Nil).

Segment assets and liabilities

At 30 September 2017 (Unaudited)						
	Securities, futures and options brokering and trading HK\$	Placing and underwriting HK\$	Loan financing HK\$	Securities advisory services HK\$	Investment holdings HK\$	Consolidated HK\$
Assets						
Segment assets	121,136,255	—	80,194,416	—	66,440,326	267,770,997
Unallocated assets						<u>13,404,949</u>
Total assets						<u><u>281,175,946</u></u>
Liabilities						
Segment liabilities	33,643,235	—	2,342,438	—	2,966,173	38,951,846
Unallocated liabilities						<u>323,102</u>
Total liabilities						<u><u>39,274,948</u></u>

At 31 March 2017 (Audited)						
	Securities, futures and options brokering and trading HK\$	Placing and underwriting HK\$	Loan financing HK\$	Securities advisory services HK\$	Investment holdings HK\$	Consolidated HK\$
Assets						
Segment assets	118,440,913	—	78,726,303	—	77,557,529	274,724,745
Unallocated assets						<u>18,303,002</u>
Total assets						<u><u>293,027,747</u></u>
Liabilities						
Segment liabilities	24,296,361	—	1,288,670	—	6,694,667	32,279,698
Unallocated liabilities						<u>8,473,840</u>
Total liabilities						<u><u>40,753,538</u></u>

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

- all assets are allocated to reportable segments other than other receivables, deposits and prepayments, tax refundable, pledged bank deposit, bank balances and cash — general accounts. 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, accruals, bank borrowings, income tax payables and deferred tax liabilities. Liabilities for which segments are jointly liable are allocated in proportion to segment assets.

Other information

Six months ended 30 September 2017 (Unaudited)						
	Securities, futures and options brokering and trading HK\$	Placing and underwriting HK\$	Loan and financing HK\$	Securities advisory services HK\$	Investment holdings HK\$	Consolidated HK\$
Additions to plant and equipment	119,991	—	—	—	—	119,991
Depreciation of plant and equipment	413,564	—	4,641	—	—	418,205
Amortisation of intangible assets	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>598,286</u>	<u>598,286</u>

Six months ended 30 September 2016 (Unaudited)						
	Securities, futures and options brokering and trading HK\$	Placing and underwriting HK\$	Loan and financing HK\$	Securities advisory services HK\$	Investment holdings HK\$	Consolidated HK\$
Additions to plant and equipment	1,869,082	—	—	—	—	1,869,082
Depreciation of plant and equipment	357,853	—	3,868	—	4,608	366,329
Amortisation of intangible assets	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>644,886</u>	<u>644,886</u>

Geographical information

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

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

	Revenue from external customers		Non-current assets*	
	Six months ended 30 September 2017 HK\$ (Unaudited)	2016 HK\$ (Unaudited)	At 30 September 2017 HK\$ (Unaudited)	At 31 March 2017 HK\$ (Audited)
Hong Kong	22,581,914	35,682,499	3,514,443	3,814,047
The PRC	1,154,241	1,165,326	20,441,447	21,039,733
	<u>23,736,155</u>	<u>36,847,825</u>	<u>23,955,890</u>	<u>24,853,780</u>

* Non-current assets exclude financial instrument (Rental and utility deposit and loan receivable).

Information on major customers

A major customer of the Group accounted for approximately 9% (2016: 22%) of the total revenue during the six months ended 30 September 2017.

6 Income tax expenses

	Three months ended 30 September 2017 HK\$ (Unaudited)		Six months ended 30 September 2017 HK\$ (Unaudited)	
	2016 HK\$ (Unaudited)		2016 HK\$ (Unaudited)	
Hong Kong Profits Tax				
— current period	1,028,325	3,126,433	2,235,917	3,928,365
Deferred tax				
— current period	351,830	(16,247)	181,817	(23,242)
	<u>1,380,155</u>	<u>3,110,186</u>	<u>2,417,734</u>	<u>3,905,123</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimate assessable profit arising in Hong Kong for the three months and six months ended 30 September 2017 and 2016.

7 Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2017 (six months ended 30 September 2016: 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 2017		Six months ended 30 September 2017	
		HK\$ (Unaudited)	2016 HK\$ (Unaudited)	HK\$ (Unaudited)	2016 HK\$ (Unaudited)
Profit for the period attributable to owners of the Company		<u>6,770,715</u>	<u>15,965,423</u>	<u>11,626,789</u>	<u>20,973,619</u>
		Three months ended 30 September 2017		Six months ended 30 September 2017	
		No. of shares	No. of shares	No. of shares	No. of shares
Weighted average number of ordinary shares in issue during the period	(a)	<u>2,200,000,000</u>	<u>2,200,000,000</u>	<u>2,200,000,000</u>	<u>2,200,000,000</u>
Weighted average number of ordinary shares and dilutive potential ordinary shares in issue during the period	(a)	<u>2,200,000,000</u>	<u>2,200,000,000</u>	<u>2,200,000,000</u>	<u>2,200,000,000</u>

Notes:

- (a) No adjustment had been made to the basic earnings per share amounts presented for the three months and six months ended 30 September 2017 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.
- (b) The weighted average numbers of ordinary shares for the purpose of calculating basic earnings per share have been retrospectively adjusted to reflect the issue of bonus shares as explained in Note 15.

9 Plant and equipment

During the six months ended 30 September 2017, the Group acquired items of plant and equipment with a cost of HK\$119,991 (six months ended 30 September 2016: HK\$1,869,082). During the six months ended 30 September 2017, the Group have not disposed items and write-off of plant and equipment (six months ended 30 September 2016: Nil).

10 Trade receivables

	30 September 2017 HK\$ (Unaudited) HK\$	31 March 2017 HK\$ (Audited) HK\$
Trade receivables from the business of dealing in securities:		
— Cash clients	232,374	2,168,651
— Margin clients	88,407,091	89,863,095
— Clearing houses and brokers	2,534,396	17,867
Trade receivables from the business of dealing in futures contracts:		
— Clearing houses	812,743	227,884
Income receivables from the income right	196,170	187,215
	<u>92,182,774</u>	<u>92,464,712</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 aggregate fair value of the listed securities at 30 September 2017 held as collateral was HK\$161,954,855 (31 March 2017: HK\$258,752,700).

The aging analysis of the trade receivables are as follows:

	30 September 2017 HK\$ (Unaudited)	31 March 2017 HK\$ (Audited)
Margin clients balances:		
No due date	88,407,091	89,863,095
Past due but not impaired	<u>—</u>	<u>—</u>
	<u>88,407,091</u>	<u>89,863,095</u>
Cash clients balances:		
No due date	232,374	2,168,651
Past due but not impaired	<u>—</u>	<u>—</u>
	<u>232,374</u>	<u>2,168,651</u>
Other balances:		
Not yet due (within 30 days)	3,543,309	432,966
Past due but not impaired	<u>—</u>	<u>—</u>
	<u>3,543,309</u>	<u>432,966</u>
	<u>92,182,774</u>	<u>92,464,712</u>
Provision of impairment loss on trade receivables:		
	30 September 2017 HK\$ (Unaudited)	31 March 2017 HK\$ (Audited)
Balance at beginning of the period/year	2,886,251	2,799,690
Impairment loss for the period/year	<u>—</u>	<u>86,561</u>
Balance at end of the period/year	<u>2,886,251</u>	<u>2,886,251</u>

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

	30 September 2017 HK\$ (Unaudited)	31 March 2017 HK\$ (Audited)
Margin clients balances:		
Past due	<u>—</u>	<u>—</u>

11 Loan receivables

	30 September 2017 HK\$ (Unaudited)	31 March 2017 HK\$ (Audited)
Loan advanced and interest receivables	<u>80,085,908</u>	<u>78,672,628</u>
Analysed as:		
Current	80,056,539	78,639,077
Non-current	<u>29,369</u>	<u>33,551</u>
	<u>80,085,908</u>	<u>78,672,628</u>

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 period/year.

12 Bank balances 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 are 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 (31 March 2017: HK\$10,000,000) have been pledged to secure bank overdrafts and bank loans 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. Bank borrowings

	30 September 2017 HK\$ (Unaudited)	31 March 2017 HK\$ (Audited)
Bank loans		
— Secured	5,000,000	7,000,000
— Unsecured	1,000,000	5,200,000
	<u>6,000,000</u>	<u>12,200,000</u>

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

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

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

15 Share capital

The Company

	Number of shares	HK\$
Authorised:		
At 1 April 2016, 31 March 2017, 1 April 2017 and 30 September 2017, ordinary shares of HK\$0.01 each	5,000,000,000	50,000,000
	Number of shares	HK\$
Issued and fully paid:		
At 1 April 2016 ordinary shares of HK\$0.01 each	1,100,000,000	11,000,000
Issuance of new shares under the bonus issues (<i>Note</i>)	1,100,000,000	11,000,000
At 31 March 2017, 1 April 2017 and 30 September 2017 ordinary shares of HK\$0.01 each	2,200,000,000	22,000,000

Note:

The Group has issued bonus shares to shareholders on the basis of one bonus share for every one existing share held on 30 August 2016. The bonus shares, upon allotment and issue was credited as fully paid at par by way of capitalisation of an amount equal to the total par value of the bonus shares standing to the credit of the share premium account of the Group.

16 Contingent liabilities

At 30 September 2017, neither the Group nor the Company had any significant contingent liabilities (31 March 2017: Nil).

17 Capital commitment

At 30 September 2017, the Company did not have any significant commitments (31 March 2017: Nil).

18 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	
		2017	2016	2017	2016
		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	100	3,441	3,216	6,442
— CAAL Capital Limited	Owned by Ms. Au	234,787	190,833	467,768	375,058
— Au Yik Fei	Associate of Ms. Au	100	—	100	100
— Au Yuk Kit	Associate of Ms. Au	1,150	—	1,255	—
— Yu Linda	Director	144	—	394	—
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Interest expense on shareholder loan					
— Zillion Profit Limited	Ultimate holding company	—	(37,672)	—	(37,672)
		<u> </u>	<u> </u>	<u> </u>	<u> </u>

- (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:

		At 30 September 2017 HK\$ (Unaudited)	At 31 March 2017 HK\$ (Audited)
Amount due from/(to) related parties			
— Ms. Au	Substantial shareholder	(227,787)	(548,022)
— CAAL Capital Company Limited	Wholly-owned by Ms. Au	(692,924)	(1,529,566)
— China Merit International Holdings Limited	Wholly-owned by Ms. Au	(22,967)	(15,572)
— Au Yik Fei	Associate of Ms. Au	60,805	65,650
— Au Yuk Kit	Associate of Ms. Au	(141,907)	(963)
— Au Nim Bing	Associate of Ms. Au	—	(64,743)
		<u> </u>	<u> </u>

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 settlement 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 2017 HK\$ (Unaudited)	30 September 2016 HK\$ (Unaudited)
Short-term benefits		1,240,635	1,093,620
Post-employment benefits		—	—
Share based payment		—	—
		<u> </u>	<u> </u>
		<u>1,240,635</u>	<u>1,093,620</u>

19 Comparative figures

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

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

During the six months period under review, the global economy was in recovery. In the Hong Kong stock market, the investors' confidence has been further boosted as the financial market benefited from an improving global economic outlook.

At 30 September 2017, the Hang Seng Index recorded as 27,554 representing approximately 14.2% increase as compared with 24,112 at 31 March 2016.

BUSINESS REVIEW

Turnover

The Group's total turnover and investment income for the six months ended 30 September 2017 was approximately HK\$24.5 million, as compared with the corresponding period in 2016 of approximately HK\$40.1 million, decreased by approximately 38.9% or approximately HK\$15.6 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 on the Stock Exchange increased by approximately 11.7% from approximately HK\$3.8 million for the six months ended 30 September 2016 to approximately HK\$4.2 million for the six months ended 30 September 2017. The total value of transactions for securities dealing decreased by approximately 25.7% from approximately HK\$55,872.6 million for the six months ended 30 September 2016 to approximately HK\$41,489.2 million for the six months ended 30 September 2017. As a result, income relating to clearing and settlement fee and handling service also decreased by approximately 28.7% from HK\$1,561,863 for the six months ended 30 September 2016 to HK\$1,112,877 for the six months ended 30 September 2017.

The commission and brokerage fees on dealing in futures contracts decreased by approximately 57.2% from HK\$163,140 for the six months ended 30 September 2016 to HK\$69,819 for the six months ended 30 September 2017.

The interest income derived from cash and margin securities accounts for the six months ended 30 September 2017 was approximately HK\$5.8 million represents a decrease of approximately 18.4% from approximately HK\$7.1 million of the corresponding period in 2016.

The other services income decreased by approximately 91.7% from HK\$248,022 for the six months ended 30 September 2016 to HK\$20,575 for the six months ended 30 September 2017.

Loan Financing

The Group holds Money Lenders Licence to engage in money lending business for providing loan and financing to customers. During the reporting period, CLC Finance Limited, the Company's wholly subsidiary, provides loan and financing service to customers. The interest income derived from providing loan and finance to customers for the six months ended 30 September 2017 was approximately HK\$7.3 million (For the six months ended 30 September 2016: approximately HK\$10 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 these regulated activities.

Commission income from securities advisory services for the six months ended 30 September 2017 was approximately HK\$1.0 million (For the six months ended 30 September 2016: approximately HK\$1.4 million).

Placing and Underwriting Business

Under normal circumstances, the Group acts as an underwriter or a sub-underwriter or a placing agent or a sub-placing agent on best effort basis for fund-raising activities. It would take the role on underwritten basis only if it received special requests from the issuers and/or their respective placing and underwriting agents.

The placing and underwriting commission decreased by approximately 97.3% from approximately HK\$10.5 million for the six months ended 30 September 2016 to approximately HK\$0.3 million for the six months ended 30 September 2017.

Investment Holdings

The Group maintained a portfolio investment included the holding of listed equity securities, bonds and 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 cash inflow. As at 30 September 2017, the total value of the Group investment portfolio was approximately HK\$66.4 million (31 March 2017: approximately HK\$77.6 million), including the value of portfolio of listed securities of approximately HK\$33.4 million (31 March 2017: approximately HK\$29.1 million).

During the period under review, the net gain on trading of financial assets at fair value through profit or loss of approximately HK\$1.4 million and net loss in fair value of financial assets at fair value through profit or loss of approximately HK\$0.6 million (2016: approximately HK\$1.3 million and fair value gain of approximately HK\$1.9 million respectively). As at 31 October 2017, the total quoted market value of the listed securities held at 30 September 2017 reached approximately HK\$36.9 million which represented a net gain of approximately HK\$2.8 million.

FINANCIAL REVIEW

The Group's revenue for the six months ended 30 September 2017 was approximately HK\$23.7 million, representing a decrease of approximately 35.6% from approximately HK\$36.8 million of the corresponding period in 2016. The decrease in revenue was mainly due to the decrease in placing and underwriting commission for HK\$10.2 million as well as the decreased in interest income from clients for HK\$3.9 million.

Administrative expenses for the six months ended 30 September 2017 were approximately HK\$11.0 million (approximately HK\$15.1 million for the six months ended 30 September 2016) representing a decrease of approximately 27.0%, mainly attributed to the decrease in commission paid and CCASS charges total amounting to approximately HK\$4.3 million. Staff cost was increased by approximately 9.4% from approximately HK\$2.9 million for the six months ended 30 September 2016 to approximately HK\$3.2 million for the six months ended 30 September 2017

Profit attributable to the owners of the Company amounted to HK\$11.6 million for the six months ended 30 September 2017 (HK\$21.0 million for the six months ended 30 September 2016). The decrease in profit attributable to the owners of the Company was mainly attributed to the drop in placing and underwriting commission and interest income from client. Earnings per share attributable to owners of the Company was HK0.53 cent for the six months ended 30 September 2017 (HK0.95 cent for the six months ended 30 September 2016). Diluted earnings per share for the six months ended 30 September 2017 were HK0.53 cent (2016: diluted earnings per share of HK0.95 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 financial position, with pledged bank deposit and bank balance and cash in general accounts amounting to approximately HK\$13.7 million at 30 September 2017 (approximately HK\$21.9 million at 31 March 2017). Most of the Group's cash and bank balances in general accounts were denominated in Hong Kong dollars. At 30 September 2017, the Group had net current assets of approximately HK\$219.0 million (approximately HK\$228.3 million as at 31 March 2017). Current ratio of the Group as at 30 September 2017 was approximately 6.9 times (approximately 6.8 times at 31 March 2017).

At 30 September 2017, the Group had utilised HK\$5 million of secured loans (31 March 2017: HK\$7 million).

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 30 September 2017, the Group has bank borrowings totally approximately HK\$6,000,000 (approximately HK\$12.2 million at 31 March 2017) and, accordingly, the gearing ratio is approximately 2.5% (approximately 4.8% at 31 March 2017).

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 2017, the Group did not have any significant capital commitments (Nil at 31 March 2017).

DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2017 (Nil for the six months ended 30 September 2016).

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 2017, certain bank deposits of the Group’s subsidiaries in the aggregate amount of HK\$10 million (HK\$10 million at 31 March 2017) were pledged and corporate guarantee from the Company for securing overdraft and revolving loan facilities amounted to HK\$44.5 million (31 March 2017: HK\$34.5 million) issued by the banks to the Group. At 30 September 2017, total amount of utilised banking facilities was approximately HK\$6.0 million (approximately HK\$12.2 million at 31 March 2017).

CONTINGENT LIABILITIES

At 30 September 2017, the Group had no material contingent liabilities (Nil at 31 March 2017).

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

At 30 September 2017, 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

Looking ahead, Hong Kong investor's confidence will be further boosted as the financial market is expected to keep benefited from the improving global economic outlook in the short term. 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 need 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 at 30 September 2017.

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 4 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.

At 30 September 2017, 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 5% of the total number of shares of the Company as at 30 September 2017.

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.

As at 30 September 2017, the number of shares in respect of the options granted and remained outstanding under the Share Option Scheme was 100,000,000, representing 4.55% of the issued shares of the Company. The exercise price per share is HK\$0.2275. As at the date of this interim report, the number of shares available for issue under the Share Option Scheme was 110,000,000, representing 5% of the issued shares of the Company.

At 30 September 2017, 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)	Changes during the period				Balance at 30 September 2017
				Balance at 1 April 2017	Granted	Exercised	Cancelled/ lapsed	
Kwok Kin Chung, Executive Director	09/04/2014	0.2275	09/04/2014–08/04/2023	20,000,000	—	—	—	20,000,000
Yu Linda, Executive Director	09/04/2014	0.2275	09/04/2014–08/04/2023	20,000,000	—	—	—	20,000,000
Lau Kin Hon, Executive Director	09/04/2014	0.2275	09/04/2014–08/04/2023	20,000,000	—	—	—	20,000,000
Sub-total				<u>60,000,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>60,000,000</u>
Employees and Other Participants	09/04/2014	0.2275	09/04/2014–08/04/2023	40,000,000	—	—	—	40,000,000
Total				<u>100,000,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>100,000,000</u>
Weighted average exercise price				<u>0.2275</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>0.2275</u>

Fair value of share options and assumptions

The fair value of share option granted at the grant date was HK\$8,275,000, 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\$0.2275
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

At 30 September 2017, 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

At 30 September 2017, there were a total of 60,000,000 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 at 30 September 2017	Option exercise Period (dd/mm/yyyy)	Exercise price [#] per share	Approximate percentage of shareholding
		Outstanding at 1 April 2017	Granted during the period	Exercised during the period	Lapsed during the period				
Kwok Kin Chung	09/04/2014	20,000,000	—	—	—	20,000,000	09/04/2014 to 08/04/2023	HK\$0.2275	0.91%
Yu Linda	09/04/2014	20,000,000	—	—	—	20,000,000	09/04/2014 to 08/04/2023	HK\$0.2275	0.91%
Lau Kin Hon	09/04/2014	20,000,000	—	—	—	20,000,000	09/04/2014 to 08/04/2023	HK\$0.2275	0.91%
Total		<u>60,000,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>60,000,000</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 2017.

[#] The exercise price of share options is subject to adjustment in the case of bonus issues, or other similar Company's capital reorganisation.

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

As at 30 September 2017, 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	1,500,000,000	68.18%
Ms. Au Suet Ming Clarea (<i>Note i</i>)	1,500,000,000	68.18%

Note:

- (i) Ms. Au Suet Ming Clarea is deemed to be interested in 1,500,000,000 shares through her controlling interest (100%) in Zillion Profit Limited.

Save as disclosed above, at 30 September 2017, 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 2017.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

For the six months ended 30 September 2017, 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 2017.

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 2017, 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.

RISK MANAGEMENT AND INTERNAL CONTROL

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 "risk management and 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 risk management and 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.

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 2017 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 2017

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.cheonglesec.com.hk.