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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)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30 JUNE 2016

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\$11.6 million for the three months ended 30 June 2016, representing a decrease of approximately 1.3% over the same period of the previous year.
- Recorded an unaudited profit attributable to the owners of the Company of approximately HK\$5.0 million (2015: approximately HK\$11.0 million) for the three months ended 30 June 2016. The significant decrease in total comprehensive income attributable to the owners of the Company for the three months ended 30 June 2016 as compared with the corresponding period in 2015, mainly attributed to the absence of net gain on trading of financial assets at fair value through profit or loss of approximately HK\$4.6 million and the net fair value gain of financial assets at fair value through profit or loss decreased by approximately HK\$2.6 million.
- Basic and diluted earnings per share for the three months ended 30 June 2016 were approximately HK0.46 cent (2015: basic earnings per share approximately HK1.00 cent) and approximately HK0.46 cent (2015: diluted earnings per share of approximately HK0.99 cent) respectively.
- The Board does not recommend the payment of interim dividend for the three months ended 30 June 2016 (2015: HK\$Nil).

The board of Directors (the “Board”) is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the three months ended 30 June 2016 together with comparative unaudited figures for the corresponding period in 2015, as follows:

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

For the three months ended 30 June 2016

		Three months ended 30 June	
		2016	2015
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$	HK\$
Turnover	3	11,641,254	11,789,246
Net gain on trading of financial assets at fair value through profit or loss		—	4,613,049
Net change in fair value of financial assets at fair value through profit or loss		(115,800)	2,434,469
Net other income, gains and losses	4	2,152	20,920
Administrative expenses		(5,597,872)	(6,178,150)
Finance costs		(128,264)	(24,077)
Profit before tax		5,801,470	12,655,457
Income tax expenses	5	(794,937)	(1,668,421)
Profit and total comprehensive income for the period		<u>5,006,533</u>	<u>10,987,036</u>
Profit and total comprehensive income for the period attributable to:			
Owners of the Company		5,008,195	10,987,018
Non-controlling interests		(1,662)	18
		<u>5,006,533</u>	<u>10,987,036</u>
Earnings per share attributable to owners of the Company			
— Basic	7	<u>0.46 cent</u>	<u>1.00 cent</u>
— Diluted	7	<u>0.46 cent</u>	<u>0.99 cent</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2016

	Attributable to owners of the Company					Attributable to owners of the Company	Non- controlling interest	Total
	Share capital	Share premium	Merger reserve	Share option reserve	Retained profits			
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
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	—	—	—	—	5,008,195	5,008,195	(1,662)	5,006,533
At 30 June 2016	<u>11,000,000</u>	<u>141,963,232</u>	<u>32,500,000</u>	<u>8,275,000</u>	<u>42,949,387</u>	<u>236,687,619</u>	<u>(118,264)</u>	<u>236,569,355</u>
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	—	—	—	—	10,987,018	10,987,018	18	10,987,036
At 30 June 2015	<u>11,000,000</u>	<u>141,963,232</u>	<u>32,500,000</u>	<u>8,275,000</u>	<u>49,837,495</u>	<u>243,575,727</u>	<u>(165,113)</u>	<u>243,410,614</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 service 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 2016 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 quarterly 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 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Commission and brokerage fees from securities dealing on The Stock Exchange of Hong Kong Limited	1,619,657	2,335,359
Placing and underwriting commission	—	—
Commission and brokerage fees on dealing in futures contracts	73,140	9,150
Other service income	697	19,990
Clearing and settlement fee	576,433	1,976,815
Handling service and dividend collection fees	135,273	193,090
Interest income from		
— authorised financial institutions	33,381	42,074
— clients (including margin clients)	8,205,299	6,389,295
— others	409,868	200,000
Income derived from income right and film right	587,506	623,473
	11,641,254	11,789,246

4 NET OTHER INCOME, GAINS AND LOSSES

	Three months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Net exchange (loss)/gain	(518)	534
Sundry income	2,670	20,386
	2,152	20,920

5 INCOME TAX EXPENSES

	Three months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Hong Kong Profits Tax		
— current period	801,932	1,690,038
Deferred tax		
— current period	(6,995)	(21,617)
	<u>794,937</u>	<u>1,668,421</u>

Hong Kong Profits Tax is calculated at 16.5% (2015: 16.5%) of the estimated assessable profits arising in Hong Kong for the three months ended 30 June 2016 and 2015.

6 DIVIDEND

The Board does not recommend the payment of interim dividend for the three months ended 30 June 2016 (2015: HK\$Nil).

7 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 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Profit for the period attributable to owners of the Company	<u>5,008,195</u>	<u>10,987,018</u>
	Three months ended 30 June	
	2016	2015
	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>
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,100,000,000	1,100,000,000
Effect of dilutive potential ordinary shares:		
Share options issued by the Company	<u>—</u>	<u>14,652,051</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>1,100,000,000</u>	<u>1,114,652,051</u>

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

During the period under review, as impacted by the external environment such as the UK has voted to leave the European Union, the stock market remained volatile.

As at 30 June 2016, the Hang Seng Index recorded as 20,794.37 representing approximately 0.1% increase as compared with 20,776.70 as at 31 March 2016.

BUSINESS REVIEW

Turnover

The Group's total turnover and investment income for the three months ended 30 June 2016 was approximately HK\$11.6 million, as compared with the corresponding period in 2015 of approximately HK\$18.8 million, decreased by approximately 38.8% or approximately HK\$7.2 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 on securities dealing decreased by approximately 30.7% from approximately HK\$2.3 million for the three months ended 30 June 2015 to approximately HK\$1.6 million for the three months ended 30 June 2016. The total value of transactions for securities dealing decreased by approximately 73.8% from approximately HK\$97,184.0 million for the three months ended 30 June 2015 to approximately HK\$25,484.2 million for the three months ended 30 June 2016.

The total value of transactions for securities dealing carried out by the Group for the three months ended 30 June 2016 decreased as compared with 2015. As a result, income relating to clearing and settlement fee and handling service also decreased by approximately 66.9% from HK\$2,150,985 for the three months ended 30 June 2015 to HK\$711,706 for the three months ended 30 June 2016.

The commission and brokerage fees on dealing in futures contracts increased by approximately 699% from HK\$9,150 for the three months ended 30 June 2015 to HK\$73,140 for the three months ended 30 June 2016.

The interest income derived from cash and margin securities accounts for the three months ended 30 June 2016 was approximately HK\$3.5 million represents a decrease of approximately 28.5% from approximately HK\$4.8 million of the corresponding period in 2015.

The other services income decreased by approximately 96.5% from HK\$19,990 for the three months ended 30 June 2015 to HK\$697 for the three months ended 30 June 2016.

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 June 2016, CLC Finance Limited maintained the loan portfolio amounting to HK\$109.1 million. The interest income derived from providing loan and finance to customers for the three months ended 30 June 2016 was approximately HK\$4.7 million (2015: approximately HK\$1.6 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.

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.

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 June 2016, the total value of the Group investment portfolio was approximately HK\$48.1 million (31 March 2016: approximately HK\$46.4 million), including the value of portfolio of listed securities of approximately HK\$13.4 million (31 March 2016: approximately HK\$12.8 million).

During the period under review, the net loss in fair value of financial assets at fair value through profit or loss of approximately HK\$0.1 million (2015: net gain of approximately HK\$2.4 million).

FINANCIAL REVIEW

The Group's revenue for the three months ended 30 June 2016 was approximately HK\$11.6 million, representing a decrease of approximately 1.3% from approximately HK\$11.8 million of the corresponding period in 2015.

Administrative expenses for the three months ended 30 June 2016 were approximately HK\$5.6 million (approximately HK\$6.2 million for the three months ended 30 June 2015), representing a decrease of approximately 9.4%.

Staff cost excluding the effects of fair value provision for share options increased by approximately 29.9% from approximately HK\$1.3 million for the three months ended 30 June 2015 to approximately HK\$1.8 million for the three months ended 30 June 2016.

Profit attributable to the owners of the Company amounted to approximately HK\$5.0 million for the three months ended 30 June 2016 (approximately HK\$11.0 million for the three months ended 30 June 2015). The significant decrease in total comprehensive income attributable to the owners of the Company for the three months ended 30 June 2016 as compared with the corresponding period in 2015, mainly attributed to the absence of net gain on trading of financial assets at fair value through profit or loss of approximately HK\$4.6 million and the net fair value gain of financial assets at fair value through profit or loss decreased by approximately HK\$2.6 million. Earnings per share attributable to owners of the Company was approximately HK0.46 cent for the three months ended 30 June 2016 (approximately HK1.00 cent for the three months ended 30 June 2015). Diluted earnings per share for the three months ended 30 June 2016 were approximately HK0.46 cent (2015: diluted earnings per share of approximately HK0.99 cent).

FUTURE PLANS FOR MATERIAL INVESTMENTS OR ACQUISITION OF CAPITAL ASSETS

As at 30 June 2016, 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

Despite the uncertainties in what would happen next in the UK politics and the US Federal Reserve might postpone to impose the interest rate rise, the market might quite vulnerable in 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 grow its brokerage business and placing and underwriting business by broadening clients base and by strengthening our trading platform. The Group will continue to put efforts on expanding the margin and loan financing business and securities advisory service and on satisfying the needs of our customers.

The Group aims to become a leading financial service group in Hong Kong. The Group will continue looking for any potential business opportunities to bring in new sources of income and to further increase the profitability of the Group.

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 both 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 (the “Shares”) 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 June 2016.

Share Option Scheme

The Company adopted the Share Option Scheme on 22 February 2011, which was approved by the shareholders’ written resolutions, is valid and effective for a period of 10 years, 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.

As at 30 June 2016, 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 June 2016.

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 June 2016 and not yet exercised was 50,000,000 which represented approximately 4.55% of the issued share capital of the Company as at 30 June 2016.

As at 30 June 2016, 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 as at 30 June 2016
				Balance as at 1 April 2016	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	30,000,000	—	—	—	30,000,000
Employees and Other Participants	09/04/2014	0.455	09/04/2014–08/04/2023	20,000,000	—	—	—	20,000,000
			Total	50,000,000	—	—	—	50,000,000
Weighted average exercise price				0.455	—	—	—	0.455

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 June 2016, 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 June 2016, 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 as at 30 June 2016	Option exercise Period (dd/mm/yyyy)	Exercise price per share	Approximate percentage of shareholding
		Outstanding as at 1 April 2016	Granted during the period	Exercised during the period	Lapsed during the period				
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 June 2016.

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

As at 30 June 2016, 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 June 2016, 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 three months ended 30 June 2016.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

For the three months ended 30 June 2016, the Directors are not aware of any business or interest of the Directors, the controlling shareholder(s) of the Company and their respective associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

AUDIT COMMITTEE

The Company has 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 results of the Group for the three months ended 30 June 2016 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, 5 August 2016

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