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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)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER 2011

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\$28.6 million for the nine months ended 31 December 2011, representing a decrease of approximately 53.1% over the same period of the previous year.
- Recorded an unaudited profit attributable to the owners of the Company of approximately HK\$10.2 million for the nine months ended 31 December 2011.
- Basic and diluted earnings per share for the nine months ended 31 December 2011 were HK1.02 cents (2010: basic earnings per share of HK4.26 cents) and HK1.02 cents (2010: N/A) respectively.
- The Board does not recommend the payment of interim dividend for the nine months ended 31 December 2011 (2010: HK\$36,000,000).

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 and nine months ended 31 December 2011 together with comparative unaudited figures for the corresponding period in 2010, as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 31 December 2011

	Notes	Three months ended 31 December		Nine months ended 31 December	
		2011 (Unaudited) HK\$	2010 (Unaudited) HK\$	2011 (Unaudited) HK\$	2010 (Unaudited) HK\$
Turnover	3	7,672,051	34,849,999	28,640,487	61,056,724
Net other income (loss)	4	2,882,047	(47,157)	524,887	133,453
Administrative expenses		(5,067,499)	(9,714,928)	(16,596,384)	(22,826,787)
Finance costs		—	—	(13)	—
Profit before taxation		5,486,599	25,087,914	12,568,977	38,363,390
Income tax expenses	5	(984,637)	(4,126,301)	(2,395,440)	(6,411,189)
Profit for the period		4,501,962	20,961,613	10,173,537	31,952,201
Other comprehensive income					
Net change in fair value on available-for-sale financial assets		—	946,941	—	975,857
Total comprehensive income for the period		4,501,962	21,908,554	10,173,537	32,928,058
Profit for the period attributable to:					
Owners of the Company		4,509,776	20,961,613	10,181,351	31,952,201
Non-controlling interests		(7,814)	—	(7,814)	—
		4,501,962	20,961,613	10,173,537	31,952,201
Total comprehensive income for the period attributable to:					
Owners of the Company		4,509,776	21,908,554	10,181,351	32,928,058
Non-controlling interests		(7,814)	—	(7,814)	—
		4,501,962	21,908,554	10,173,537	32,928,058
Dividend	6	—	(36,000,000)	—	(36,000,000)
Earnings per share attributable to owners of the Company					
– Basic	7	0.45 cents	2.79 cents	1.02 cents	4.26 cents
– Diluted	7	0.45 cents	N/A	1.02 cents	N/A

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2011

	Attributable to owners of the Company						Non-controlling interest	Total
	Share capital HK\$	Share premium HK\$	Merger reserve HK\$	Share option reserve HK\$	Investments revaluation reserve HK\$	Retained profits HK\$		
At 1 April 2011	10,000,000	112,473,021	32,500,000	31,412	–	27,483,288	182,487,721	182,487,721
Acquisition of additional interest in a subsidiary	–	–	–	–	–	–	(111,828)	(111,828)
Total comprehensive income for the period	–	–	–	–	–	10,181,351	10,181,351	10,173,537
Recognition of equity-settle share-based payments	–	–	–	282,708	–	–	–	282,708
Dividend	–	–	–	–	–	(20,000,000)	(20,000,000)	(20,000,000)
At 31 December 2011	<u>10,000,000</u>	<u>112,473,021</u>	<u>32,500,000</u>	<u>314,120</u>	<u>–</u>	<u>17,664,639</u>	<u>172,951,780</u>	<u>172,832,138</u>
At 1 April 2010	40,000,000	–	–	–	1,970,116	27,303,683	69,273,799	69,273,799
Profit for the period	–	–	–	–	–	31,952,201	31,952,201	31,952,201
Other comprehensive income for the period	–	–	–	–	975,857	–	975,857	975,857
Total comprehensive income for the period	–	–	–	–	975,857	31,952,201	32,928,058	32,928,058
Dividend	–	–	–	–	–	(36,000,000)	(36,000,000)	(36,000,000)
At 31 December 2010	<u>40,000,000</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>2,945,973</u>	<u>23,255,884</u>	<u>66,201,857</u>	<u>66,201,857</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, placing and underwriting services and wealth management services.

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.

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

The Company's shares have been listed on the GEM of the Stock Exchange since 8 March 2011 (the "Listing Date").

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

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 2011. 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.

3 Turnover

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

	Three months ended		Nine months ended	
	31 December		31 December	
	2011	2010	2011	2010
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$	HK\$	HK\$	HK\$
Commission and brokerage fees				
from securities dealing on				
The Stock Exchange of Hong Kong Limited	810,746	10,023,790	5,586,970	22,734,340
Commission and brokerage fees				
on dealing in futures contracts	73,910	46,546	860,519	837,646
Commission from wealth				
management business	162,680	–	162,680	–
Placing and underwriting commission	2,816,693	22,294,122	12,104,840	31,055,961
Clearing and settlement fee	58,959	1,966,118	511,902	4,932,409
Handling service and dividend collection fees	60,719	121,736	369,418	302,357
Interest income from				
– authorised financial institutions	218,371	82,234	610,048	203,692
– clients	2,229,320	315,440	5,993,401	990,240
– others	1,240,653	13	2,440,709	79
	7,672,051	34,849,999	28,640,487	61,056,724

4 Net other income (loss)

	Three months ended		Nine months ended	
	31 December		31 December	
	2011	2010	2011	2010
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$	HK\$	HK\$	HK\$
Gain (loss) on trading of financial assets				
at fair value through profit or loss	752,778	(9,005)	(1,299,153)	39,155
Gain on trading in futures contracts	–	261	–	234
Net change in fair value of financial assets				
at fair value through profit or loss	2,016,459	(115,444)	128,370	(83,102)
Other income	112,810	77,031	1,695,670	177,166
	<u>2,882,047</u>	<u>(47,157)</u>	<u>524,887</u>	<u>133,453</u>

5 Income tax expenses

	Three months ended		Nine months ended	
	31 December		31 December	
	2011	2010	2011	2010
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$	HK\$	HK\$	HK\$
Hong Kong Profits Tax				
– current period	1,011,870	4,160,054	2,468,163	6,469,719
Deferred tax (credit) expenses				
– current period	(27,233)	(33,753)	(72,723)	(58,530)
	<u>984,637</u>	<u>4,126,301</u>	<u>2,395,440</u>	<u>6,411,189</u>

Hong Kong Profits Tax is calculated at 16.5% (2010: 16.5%) of the estimate assessable profits arising in Hong Kong for the three months and nine months ended 31 December 2011 and 2010.

6 Dividend

An final dividend of HK\$0.02 per share, totalling HK\$20,000,000 for the year ended 31 March 2011 was declared on 4 August 2011 and paid on 17 August 2011. The Board does not recommend the payment of other interim dividend for the nine months ended 31 December 2011 (2010: HK\$36,000,000).

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.

	<i>Note</i>	Three months ended		Nine months ended	
		31 December		31 December	
		2011	2010	2011	2010
		<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period attributable to owners of the Company		<u>4,509,776</u>	<u>20,961,613</u>	<u>10,181,351</u>	<u>31,952,201</u>
		Three months ended		Nine months ended	
		31 December		31 December	
		2011	2010	2011	2010
		<i>No. of</i>	<i>No. of</i>	<i>No. of</i>	<i>No. of</i>
		<i>shares</i>	<i>shares</i>	<i>shares</i>	<i>shares</i>
Weighted average number of ordinary shares in issue during the period	(a)	<u>1,000,000,000</u>	<u>750,000,000</u>	<u>1,000,000,000</u>	<u>750,000,000</u>
Weighted average number of ordinary shares and dilutive potential ordinary share in issue during the period	(b)	<u>1,000,000,000</u>	<u>N/A</u>	<u>1,000,000,000</u>	<u>N/A</u>

Note:

- (a) The calculation of the basic earnings per share for the three months and nine months ended 31 December 2011 and 2010 is based on the profit for the period attributable to owners of the Company of HK\$4,509,776, HK\$20,961,613, HK\$10,181,351 and HK\$31,952,201 respectively, 1,000,000,000 ordinary shares in issue during the three months and nine months ended 31 December 2011; and 750,000,000 ordinary shares during the three months and nine months ended 31 December 2010, as if the share are in issue since 1 April 2009, comprising:
- 1 ordinary shares of the Company allotted and issued at HK\$0.01 paid on 27 August 2010 (*note (i)*); and
 - 749,999,999 ordinary shares of the Company issued as consideration for the acquisition of subsidiaries pursuant to the Reorganisation (*note (ii)*).

Note:

- (i) On 27 August 2010, the Company was incorporated in Cayman Islands with an authorised share capital of HK\$390,000 divided into 39,000,000 ordinary shares of HK\$0.01 each. 1 ordinary share was issued and paid up by Ms. Au Suet Ming Clarea (“Ms. Au”).
 - (ii) Pursuant to the agreement for sale and purchase of the entire issued share capital of Cheong Lee on 22 February 2011, the Company acquired 400,000 ordinary shares of HK\$100 each in Cheong Lee, being its entire issued share capital, from Ms. Au. In consideration thereof, an aggregate of 749,999,999 new ordinary shares of HK\$0.01 each of the Company, credited as fully paid, were evenly allotted and issued to Zillion Profit Limited which is wholly owned by Ms. Au.
- (b) No adjustment had been made to the basic earnings per share amounts presented for the three months and nine months ended 31 December 2011 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.

No diluted earnings per share for the three months and nine months ended 31 December 2010 was presented as there was no potential dilutive ordinary share in issue.

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

During the reporting period, the global economic and financial environment underwent fluctuations.

The massive earthquake and nuclear crisis emerged that hit Japan in mid-March 2011 had affected the global economy. In addition, the market sentiment became more adversely affected by concerns over the monetary tightening policy in China as well as the debts crisis in Europe and recession of the US economy.

As at 31 December 2011, the Hang Seng Index closed at 18,434.4 representing a decrease of approximately 21.6% as compared with 31 March 2011, reflecting the poor performance in the equity market during the reporting period.

Business review

Securities and Futures Brokerage

The commission and brokerage fees on securities dealing decreased by approximately 75.4% from approximately HK\$22.7 million for the nine months ended 31 December 2010 to approximately HK\$5.6 million for the nine months ended 31 December 2011. The total value of transactions for securities dealing decreased by approximately 90.6% from approximately HK\$240,609.7 million for the nine months ended 31 December 2010 to approximately HK\$22,705.4 million for the nine months ended 31 December 2011.

The total value of transactions for securities dealing carried out by the Group for the nine months ended 31 December 2011 decreased as compared with 2010. As a result, income relating to clearing and settlement fee also decreased by approximately 89.6% from approximately HK\$4.9 million for the nine months ended 31 December 2010 to approximately HK\$0.5 million for the nine months ended 31 December 2011.

The commission and brokerage fees on dealing in futures contracts increased by approximately 2.7% from HK\$837,646 for the nine months ended 31 December 2010 to HK\$860,519 for the nine months ended 31 December 2011.

The interest income, excluding the interest from authorised financial institutions, increased by approximately 751.7% from approximately HK\$1.0 million for the nine months ended 31 December 2010 to approximately HK\$8.4 million for the nine months ended 31 December 2011. The increase was mainly due to the fact that the Group has commenced its margin financing business since April 2011.

In May 2011, a joint venture, namely Capital Global (BVI) Limited (“Capital Global”), has been set up for the purpose of engaging in the wealth management business. The joint venture was incorporated in British Virgin Islands; and the Group initially holds 41.0% of the shareholding interest. In November 2011, the shareholding interest increased to 91.0%.

Revenue generated from Capital Global for the nine months ended 31 December 2011 was HK\$162,680.

Placing and Underwriting Business

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

During the nine months ended 31 December 2011, the placing and underwriting commission decreased by approximately 61.0% from approximately HK\$31.1 million for the nine months ended 31 December 2010 to approximately HK\$12.1 million for the nine months ended 31 December 2011 due to decrease in fund raising activities in Hong Kong.

Financial review

The Group’s revenue for the nine months ended 31 December 2011 was approximately HK\$28.6 million, representing a decrease of approximately 53.1% from approximately HK\$61.1 million of the corresponding period in 2010.

The Group traded equity securities listed in Hong Kong, US and Canada. During the nine months ended 31 December 2011, the Group suffered realized loss of approximately HK\$1.3 million on trading of equity securities listed in Hong Kong and US mainly due to the decline in value in the midst of the recent general downturn of the global equity market.

Administrative expenses for the nine months ended 31 December 2011 were approximately HK\$16.6 million (approximately HK\$22.8 million for the nine months ended 31 December 2010), representing a decrease of approximately 27.3%.

Due to the total value of transactions for securities dealing decreased by approximately 90.6% from approximately HK\$240,609.7 million for the nine months ended 31 December 2010 to approximately HK\$22,705.4 million for the nine months ended 31 December 2011, the related expenses such as CCASS charges decreased by approximately 83.0% from approximately HK\$5.3 million for the nine months ended 31 December 2010 to approximately HK\$0.9 million for the nine months ended 31 December 2011.

Staff cost excluding the effects of fair value provision for pre-IPO share options for the nine months ended 31 December 2011 was approximately HK\$4.8 million (approximately HK\$3.2 million for the nine months ended 31 December 2010), representing an increase of approximately 50.0% because of the increase in the total number of staff.

Profit attributable to the owners of the Company amounted to approximately HK\$10.2 million for the nine months ended 31 December 2011 (approximately HK\$32.0 million for the nine months ended 31 December 2010). Earnings per share attributable to owners of the Company was approximately HK1.02 cents for the nine months ended 31 December 2011 (approximately HK4.26 cents for the nine months ended 31 December 2010).

Outlook

The Group has benefited from the listing which has strengthened its capital base and enhanced its profile. The Group has commenced its margin financing business in April 2011 and will continue to put efforts on expanding the brokerage business and loan and financing business and on satisfying the needs of clients.

The Group will also actively review future business opportunities to develop into various financial services in Hong Kong, which include the assets management and wealth management areas, in anticipating to bring in new sources of income and to further increase the profitability of the Group. During the reporting period, a subsidiary, namely CLC Finance Limited, has been set up for the purpose of engaging in the money lending business. The subsidiary was incorporated in Hong Kong; and the Group holds 100% of the shareholding interest. No revenue has been generated from the subsidiary since its establishment.

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.

The total number of shares in respect of which share options granted under the Pre-IPO Share Option Scheme was 6,300,000 which represented approximately 0.63% of the issued share capital of the Company as at 31 December 2011.

As at 31 December 2011, details of the share options granted under the Pre-IPO Share Option Scheme are as follows:

Grantees	Date of Grant <i>(Note 1)</i> (dd/mm/yyyy)	Exercise price per share <i>HK\$</i>	Exercisable period <i>(Note 2)</i> (dd/mm/yyyy)	Number of underlying shares	Approximate percentage of shareholding (%)
(i) Lau Ka Lung Ali, Executive Director	25/02/2011	0.485	08/03/2012 – 07/03/2013	500,000	0.05%
			08/03/2013 – 07/03/2014	1,000,000	0.10%
				<u>1,500,000</u>	<u>0.15%</u>
(ii) Yu Linda, Executive Director	25/02/2011	0.485	08/03/2012 – 07/03/2013	500,000	0.05%
			08/03/2013 – 07/03/2014	1,000,000	0.10%
				<u>1,500,000</u>	<u>0.15%</u>
(iii) Lau Kin Hon, Executive Director	25/02/2011	0.485	08/03/2012 – 07/03/2013	500,000	0.05%
			08/03/2013 – 07/03/2014	500,000	0.05%
				<u>1,000,000</u>	<u>0.10%</u>
(iv) Kwok Kin Chung, Executive Director	25/02/2011	0.485	08/03/2012 – 07/03/2013	500,000	0.05%
				<u>500,000</u>	<u>0.05%</u>
			Sub-total	<u><u>4,500,000</u></u>	<u><u>0.45%</u></u>
(v) Employees	25/02/2011	0.485	08/03/2012 – 07/03/2013	1,600,000	0.16%
			08/03/2013 – 07/03/2014	200,000	0.02%
				<u>1,800,000</u>	<u>0.18%</u>
			Total	<u><u>6,300,000</u></u>	<u><u>0.63%</u></u>

Notes:

- (1) It was the date when the Company offered to the grantees the options under the Pre-IPO Share Option Scheme.
- (2) Each of the grantees to whom options have been conditionally granted under the Pre-IPO Share Option Scheme will be entitled to exercise:
 - (i) up to 500,000 of the total number options granted at any time during the period commencing from the date of the first anniversary of the Listing Date to the date of the second anniversary of the Listing Date (both days inclusive); and
 - (ii) remaining options granted at any time during the period commencing from the date immediately following the date of the second anniversary of the Listing Date to the date of the third anniversary of the Listing Date (both days inclusive).

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. It is a share incentive scheme and is established to recognize and acknowledge the contribution that the eligible participants have or may have made to the Group. Pursuant to the Share Option Scheme, the Board may, at its discretion, offer to grant an option to any Director, employee, advisor, consultant, distributor, contractor, supplier, customer, agent, business partner, service provider of any member of the Group.

The total number of shares in respect of which share options may be granted under the Share Option Scheme is not permitted to exceed 100,000,000 shares, representing 10% of the total number of issued shares of the Company as at 31 December 2011.

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 of the Company 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 of the Company on the date of grant of the option.

As at 31 December 2011 and up to the date of approval of these financial statements, no share options have been granted under the Share Option Scheme.

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

As at 31 December 2011, 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 31 December 2011, there were a total of 4,500,000 outstanding share options of the Company granted to the Directors, details of which are summarised in the following table:

Director	Date of grant	Options to Subscribe for Shares of the Company				Outstanding as at 31 December 2011	Option exercise period	Exercise price per share	Approximate percentage of shareholding
		Outstanding as at 1 April 2011	Granted during the period	Exercised during the period	Lapsed during the period				
Lau Ka Lung Ali	25/2/2011	500,000	–	–	–	500,000	08/03/2012 to 07/03/2013	HK\$0.4850	0.05%
	25/2/2011	1,000,000	–	–	–	1,000,000	08/03/2013 to 07/03/2014		0.10%
						1,500,000			0.15%
Yu Linda	25/2/2011	500,000	–	–	–	500,000	08/03/2012 to 07/03/2013	HK\$0.4850	0.05%
	25/2/2011	1,000,000	–	–	–	1,000,000	08/03/2013 to 07/03/2014		0.10%
						1,500,000			0.15%
Lau Kin Hon	25/2/2011	500,000	–	–	–	500,000	08/03/2012 to 07/03/2013	HK\$0.4850	0.05%
	25/2/2011	500,000	–	–	–	500,000	08/03/2013 to 07/03/2014		0.05%
						1,000,000			0.10%
Kwok Kin Chung	25/2/2011	500,000	–	–	–	500,000	08/03/2012 to 07/03/2013	HK\$0.4850	0.05%
Total		4,500,000	–	–	–	4,500,000			0.45%

Note:

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

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

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

Save as disclosed above, none of the Directors or the Chief Executives of the Company had any interest or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations at 31 December 2011.

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

As at 31 December 2011, 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	75%
Ms. Au Suet Ming Clarea (<i>note i</i>)	750,000,000	75%

Note:

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

Save as disclosed above, as at 31 December 2011, 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 nine months ended 31 December 2011.

INTERESTS OF THE COMPLIANCE ADVISER

As notified by VC Capital Limited ("VC Capital"), the compliance adviser of the Company, neither VC Capital nor its directors or employees or associates had any interests in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) as at 31 December 2011.

Pursuant to the agreement dated 3 March 2011 entered into between VC Capital and the Company, VC Capital received and will receive fees for acting as the compliance adviser of the Company.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

For the nine months ended 31 December 2011, 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.

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 nine months ended 31 December 2011.

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 nine months ended 31 December 2011, 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 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 Ms. Choy Wing Man, Mr. Chiu Wai Keung and Mr. Au-Yeung Tai Hon Rorce. The unaudited condensed consolidated interim results of the Group for the nine months ended 31 December 2011 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
Lau Ka Lung Ali
Chairman

Hong Kong, 9 February 2012

As at the date of this announcement, the Company’s executive Directors are Mr. Lau Ka Lung Ali, Mr. Lau Kin Hon, Mr. Kwok Kin Chung and Ms. Yu Linda, and the Company’s independent non-executive Directors are Mr. Au-Yeung Tai Hon Rorce, Mr. Chiu Wai Keung and Ms. Choy Wing Man.

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.