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CL GROUP (HOLDINGS) LIMITED

昌利（控股）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8098)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 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\$21.0 million for the six months ended 30 September 2011, representing a decrease of approximately 20.0% over the same period of the previous year.
- Recorded an unaudited profit attributable to the owners of the Company of approximately HK\$5.7 million for the six months ended 30 September 2011.
- Basic and diluted earnings per share for the six months ended 30 September 2011 were HK0.57 cents (2010: basic earnings per share of HK1.47 cents) and HK0.57 cents (2010: N/A) respectively.
- The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2011.

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 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 six months ended 30 September 2011

		Three months ended 30 September		Six months ended 30 September	
		2011 (unaudited)	2010 (unaudited)	2011 (unaudited)	2010 (unaudited)
	Notes	HK\$	HK\$	HK\$	HK\$
Turnover	3	7,564,989	12,301,956	20,968,436	26,206,725
Net other (loss) income	4	(1,069,059)	406,849	(2,357,160)	180,610
Administrative expenses		(5,549,478)	(5,644,056)	(11,528,884)	(13,111,859)
Finance costs		(13)	–	(13)	–
Profit before taxation		946,439	7,064,749	7,082,379	13,275,476
Income tax expenses	6	(214,296)	(1,159,959)	(1,410,803)	(2,284,888)
Profit for the period attributable to the owners of the Company		732,143	5,904,790	5,671,576	10,990,588
Other comprehensive (expenses) income					
Net change in fair value on available-for-sale financial assets		–	(13,127)	–	28,916
Total comprehensive income for the period attributable to the owners of the Company		732,143	5,891,663	5,671,576	11,019,504
Dividend	7	–	–	–	–
Earnings per share					
– Basic	8	0.07 cents	0.78 cents	0.57 cents	1.47 cents
– Diluted	8	0.07 cents	N/A	0.57 cents	N/A

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2011

		30 September 2011 (Unaudited) HK\$	31 March 2011 (Audited) HK\$
	Notes		
Non-current assets			
Plant and equipment	9	2,240,335	1,821,997
Intangible assets		174,450	209,340
Other assets		1,730,000	1,787,913
		<u>4,144,785</u>	<u>3,819,250</u>
Current assets			
Trade receivables	10	67,667,384	18,091,624
Other receivables, deposits and prepayments		14,398,196	1,784,178
Amount due from related parties		857,617	–
Financial assets at fair value through profit or loss		2,087,098	7,423,919
Pledged bank deposit	11	5,000,000	5,000,000
Bank balances and cash – trust accounts	11	25,070,554	77,939,538
Bank balances and cash – general accounts	11	78,852,933	156,247,333
		<u>193,933,782</u>	<u>266,486,592</u>
Current liabilities			
Trade payables	12	27,185,972	80,989,935
Other payables and accruals		671,592	4,475,244
Tax payable		1,698,417	2,132,635
		<u>29,555,981</u>	<u>87,597,814</u>
Net current assets		<u>164,377,801</u>	<u>178,888,778</u>
Total assets less current liabilities		<u>168,522,586</u>	<u>182,708,028</u>
Non-current liability			
Deferred tax liabilities		174,817	220,307
Net assets		<u>168,347,769</u>	<u>182,487,721</u>
Capital and reserves			
Share capital	13	10,000,000	10,000,000
Reserves		158,347,769	172,487,721
		<u>168,347,769</u>	<u>182,487,721</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2011

	Share capital <i>HK\$</i>	Share premium <i>HK\$</i>	Merger reserve <i>HK\$</i>	Share option reserve <i>HK\$</i>	Investments revaluation reserve <i>HK\$</i>	Retained profits <i>HK\$</i>	Total <i>HK\$</i>
At 1 April 2011	10,000,000	112,473,021	32,500,000	31,412	–	27,483,288	182,487,721
Total comprehensive income for the period	–	–	–	–	–	5,671,576	5,671,576
Recognition of equity-settle share-based payments	–	–	–	188,472	–	–	188,472
Dividends	–	–	–	–	–	(20,000,000)	(20,000,000)
At 30 September 2011	<u>10,000,000</u>	<u>112,473,021</u>	<u>32,500,000</u>	<u>219,884</u>	<u>–</u>	<u>13,154,864</u>	<u>168,347,769</u>
At 1 April 2010	40,000,000	–	–	–	1,970,116	27,303,683	69,273,799
Profit for the period	–	–	–	–	–	10,990,588	10,990,588
Other comprehensive income for the period	–	–	–	–	28,916	–	28,916
Total comprehensive income for the period	–	–	–	–	28,916	10,990,588	11,019,504
At 30 September 2010	<u>40,000,000</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,999,032</u>	<u>38,294,271</u>	<u>80,293,303</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2011

	Six months ended 30 September	
	2011	2010
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Net cash used in operating activities	(63,164,325)	(23,193,867)
Net cash generated from investing activities	5,769,938	410,235
Net cash used in financing activities	<u>(20,000,013)</u>	<u>—</u>
Net decrease in cash and cash equivalents	(77,394,400)	(22,783,632)
Cash and cash equivalents at beginning of period	<u>156,247,333</u>	<u>59,787,786</u>
Cash and cash equivalents at end of period	<u>78,852,933</u>	<u>37,004,154</u>
Analysis of the balance of cash and cash equivalents		
Bank balances and cash	<u>78,852,933</u>	<u>37,004,154</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, 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 and placing and underwriting 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 Company's shares have been listed on the GEM of the Stock Exchange since 8 March 2011.

The Reorganisation involved business combinations of entities under common control before and immediately after the Reorganisation. Consequently, immediately after the Reorganisation, there was a continuation of the risks and benefits to the controlling parties that existed prior to the Reorganisation. The Group is regarded and accounted for as a continuing group resulting from the Reorganisation since all of the entities which took part in the Reorganisation were under common control in a manner similar to pooling of interests. Accordingly, the financial statements have been prepared on a combined basis by applying the principles of merger accounting. The financial statements has been presented as if the current group structure had been in existence throughout the 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 30 September		Six months ended 30 September	
	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	1,196,523	6,267,039	4,776,224	12,710,550
Commission and brokerage fees on dealing in futures contracts	377,332	389,860	786,609	791,100
Placing and underwriting commission	2,645,804	3,719,040	9,288,147	8,761,840
Clearing and settlement fee	114,096	1,516,949	452,942	2,966,291
Handling service and dividend collection fees	68,990	53,021	308,699	180,621
Interest income from				
– authorised financial institutions	291,574	68,483	391,678	121,458
– clients	1,970,650	287,549	3,764,081	674,799
– others	900,020	15	1,200,056	66
	<u>7,564,989</u>	<u>12,301,956</u>	<u>20,968,436</u>	<u>26,206,725</u>

4 Net other (loss) income

	Three months ended 30 September		Six months ended 30 September	
	2011	2010	2011	2010
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$	HK\$	HK\$	HK\$
(Loss) gain on trading of financial assets at fair value through profit or loss	(2,119,334)	41,829	(2,051,931)	48,160
Loss on trading in futures contracts	–	(1)	–	(27)
Net change in fair value of financial assets at fair value through profit or loss	587,415	295,018	(1,888,089)	32,342
Other income	<u>462,860</u>	<u>70,003</u>	<u>1,582,860</u>	<u>100,135</u>
	<u>(1,069,059)</u>	<u>406,849</u>	<u>(2,357,160)</u>	<u>180,610</u>

5 Business and geographical segments

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

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

Securities and futures broking	Provision of securities and futures and other wealth management products broking services
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Placing and underwriting	Provision of placing and underwriting services
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The reportable segments have been identified on the basis of internal management reports prepared in accordance with accounting policies conforming to HKFRSs that are regularly reviewed by the executive directors of the Company being the CODM of the Group.

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

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

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 2011 (Unaudited)			Six months ended 30 September 2010 (Unaudited)		
	Securities and futures broking HK\$	Placing and underwriting HK\$	Consolidated HK\$	Securities and futures broking HK\$	Placing and underwriting HK\$	Consolidated HK\$
Segment revenue	<u>10,088,555</u>	<u>9,288,147</u>	<u>19,376,702</u>	<u>17,323,361</u>	<u>8,761,840</u>	<u>26,085,201</u>
Segment results	<u>5,845,822</u>	<u>7,535,668</u>	<u>13,381,490</u>	<u>9,324,026</u>	<u>8,209,409</u>	<u>17,533,435</u>
(Loss) gain from investments			(3,940,019)			80,475
Other interest income			1,591,734			121,524
Other income			1,582,860			100,135
Unallocated other operating expenses			(5,533,673)			(4,560,093)
Finance costs			<u>(13)</u>			<u>–</u>
Profit before taxation			<u>7,082,379</u>			<u>13,275,476</u>
Income tax expenses			<u>(1,410,803)</u>			<u>(2,284,888)</u>
Profit for the period			<u><u>5,671,576</u></u>			<u><u>10,990,588</u></u>

Revenue reported above represents revenue generated from external customers. There was no inter-segment sale during the period (2010: HK\$Nil).

Segment assets and liabilities

	As at 30 September 2011			As at 31 March 2011		
	(Unaudited)			(Audited)		
	Securities and futures broking HK\$	Placing and underwriting HK\$	Consolidated HK\$	Securities and futures broking HK\$	Placing and underwriting HK\$	Consolidated HK\$
Assets						
Segment assets	96,676,928	–	96,676,928	99,739,576	110,836	99,850,412
Unallocated assets			101,401,639			170,455,430
Total assets			198,078,567			270,305,842
Liabilities						
Segment liabilities	27,831,788	–	27,831,788	83,488,942	1,532,600	85,021,542
Unallocated liabilities			1,899,010			2,796,579
Total liabilities			29,730,798			87,818,121

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

- all assets are allocated to reportable segments other than financial assets at fair value through profit or loss, bank balances and cash – general accounts and other receivable. Assets used jointly by segments are allocated on the basis of the revenues earned by individual segments; and
- all liabilities are allocated to reportable segments other than other payables and accruals and current and deferred tax liabilities. Liabilities for which segments are jointly liable are allocated in proportion to segment assets.

Other information

	Six months ended 30 September 2011		
	(Unaudited)		
	Securities and futures broking HK\$	Placing and underwriting HK\$	Consolidated HK\$
Additions to plant and equipment	792,717	–	792,717
Depreciation of plant and equipment	563,214	–	563,214
Amortisation of intangible assets	34,890	–	34,890

	Six months ended 30 September 2010 (Unaudited)		
	Securities and futures broking <i>HK\$</i>	Placing and underwriting <i>HK\$</i>	Consolidated <i>HK\$</i>
Additions to plant and equipment	428,848	–	428,848
Depreciation of plant and equipment	459,583	–	459,583
Amortisation of intangible assets	34,890	–	34,890
	<u>428,848</u>	<u>–</u>	<u>428,848</u>

6 Income tax expenses

	Three months ended 30 September 2011 (Unaudited) <i>HK\$</i>		Six months ended 30 September 2011 (Unaudited) <i>HK\$</i>	
	2011 (Unaudited) <i>HK\$</i>	2010 (Unaudited) <i>HK\$</i>	2011 (Unaudited) <i>HK\$</i>	2010 (Unaudited) <i>HK\$</i>
Hong Kong Profits Tax				
– current period	235,368	1,152,611	1,456,293	2,309,665
Deferred tax (credit) expenses				
– current period	(21,072)	7,348	(45,490)	(24,777)
	<u>214,296</u>	<u>1,159,959</u>	<u>1,410,803</u>	<u>2,284,888</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 six months ended 30 September 2011 and 2010.

7 Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2011 (2010: 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		Six months ended	
	30 September		30 September	
	2011	2010	2011	2010
<i>Note</i>	<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>732,143</u>	<u>5,904,790</u>	<u>5,671,576</u>	<u>10,990,588</u>
	Three months ended		Six months ended	
	30 September		30 September	
	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	<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	(a) <u>1,000,008,506</u>	<u>N/A</u>	<u>1,000,008,506</u>	<u>N/A</u>

Note:

- (a) The calculation of diluted earnings per share for the three months and six months ended 30 September 2011 is based on the profit for the period attributable to the owners of the Company of HK\$732,143 and HK\$5,671,576 and the weighted average number of ordinary shares of 1,000,008,506 outstanding during the year calculated based on the 1,000,000,000 ordinary shares in issue during the period as used in the calculation of basic earnings per share plus the effects of all dilutive potential ordinary share of 8,506 ordinary shares as if all the Company's pre-IPO share options has been exercised.

No diluted earnings per share for the three months and six months ended 30 September 2010 was presented as there was no potential dilutive ordinary share in issue.

9 Plant and equipment

During the six months ended 30 September 2011, the Group acquired items of plant and equipment with a cost of HK\$792,717 (31 March 2011: HK\$1,135,929). During the six months ended 30 September 2011, the Group disposed items of plant and equipment with a cost of HK\$48,117 (31 March 2011: HK\$649,831).

10 Trade receivables

The aging analysis of the trade receivables are as follows:

	30 September 2011 HK\$ (Unaudited)	31 March 2011 HK\$ (Audited)
Less than 1 month past due	59,292,780	13,446,980
1 to 3 months past due	348,948	4,125,351
Over 3 months but less than 1 year past due	7,702,756	510,878
Over 1 year past due	322,900	8,415
	<u>67,667,384</u>	<u>18,091,624</u>

The settlement terms of trade receivables from cash clients 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.

The settlement terms of trade receivables from margin clients arising from the business of dealing in securities are current and repayable on demand. Margin clients are required to pledge securities collateral to the Group in order to obtain credit facilities for securities trading. The amount of credit facilities granted to them is determined by the marginable value of securities accepted by the Group. As at 30 September 2011, the total market value of securities pledged as collateral in respect of the loans to margin clients was approximately HK\$163.8 million.

The Directors consider that the carrying amounts of trade receivables approximate their fair values at the end of the reporting period, no impairment need to be made.

11 Bank balance and cash/pledged bank deposit

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

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

Pledge bank deposit represents deposit pledged to bank to secure bank facilities granted to the Group. Deposits amounting to HK\$5,000,000 (HK\$5,000,000 as at 31 March 2011) have been pledged to secure bank overdrafts and is therefore classified as current assets.

12 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 11 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.

13 Share capital

The Company

	<i>Notes</i>	<i>Number of shares</i>	<i>HK\$</i>
Authorised:			
Upon incorporation and as at 30 September 2010	(i)	39,000,000	390,000
Increase in authorised ordinary shares	(ii)	<u>4,961,000,000</u>	<u>49,610,000</u>
As at 31 March 2011 and 30 September 2011, ordinary shares of HK\$0.01 each		<u>5,000,000,000</u>	<u>50,000,000</u>

	<i>Notes</i>	<i>Number of shares</i>	<i>HK\$</i>
Issued and fully paid:			
Upon incorporation and as at 30 September 2010	(i)	1	0.01
Issue of shares upon Reorganisation	(iii)	749,999,999	7,499,999.99
Increase in shares upon listing	(iv)	<u>250,000,000</u>	<u>2,500,000.00</u>
As at 31 March 2011 and 30 September 2011, ordinary shares of HK\$0.01 each		<u>1,000,000,000</u>	<u>10,000,000.00</u>

Notes:

- (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 written resolutions of all the shareholders of the Company passed on 22 February 2011, the authorised share capital of the Company was increased from HK\$390,000 divided into 39,000,000 shares to HK\$50,000,000 divided into 5,000,000,000 shares by the creation of an additional 4,961,000,000 shares.
- (iii) 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.
- (iv) On 8 March 2011, the Company’s shares have been listed on the GEM of the Stock Exchange and 250,000,000 ordinary shares of HK\$0.01 each were issued at HK\$0.485 each.

14 Contingent liabilities

As at 30 September 2011, neither the Group nor the Company had any significant contingent liabilities (31 March 2011: Nil).

15 Capital commitment

As at 30 September 2011, the Company did not have any significant commitments (31 March 2011: authorized but not contracted for HK\$370,000).

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

		Three months ended 30 September		Six months ended 30 September	
		2011	2010	2011	2010
		HK\$	HK\$	HK\$	HK\$
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Commission and brokerage					
income from securities					
trading:					
– Ms. Au	Substantial shareholder	3,504	7,358	5,469	12,533
– CAAL Capital Limited	Owned by Ms. Au	164,527	1,249,641	793,936	2,064,291
– China Merit International Holdings Limited	Owned by Ms. Au	3,073	11,186	3,473	38,480
– Au Yik Fei	Associate of Ms. Au	–	2,307	100	5,879
– Chinacorp International Consultants Limited	Associate of Ms. Au	97,661	671,050	337,463	1,275,899
– Kitty Au Nim Bing	Associate of Ms. Au	50	220	50	370
– Au Yuk Kit	Associate of Ms. Au	–	551	127	1,719
– Chee Kwok Wing Waymand	Director	–	248	–	248
– To Hang Ming	Director	–	–	–	21,904
– Hilcrest Management Limited	Owned by a Director	–	4,732	–	29,180
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Commission and brokerage					
income from futures contracts					
trading:					
– China Merit International Holdings Limited	Owned by Ms. Au	–	100	18,864	300
– CAAL Capital Limited	Owned by Ms. Au	–	–	5,784	–
– To Hang Ming	Director	–	160	–	1,200
		<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:

		As at 30 September 2011 HK\$	As at 31 March 2011 HK\$
Amount due from/(to) related parties			
– Ms. Au	Substantial shareholder	(1,585,697)	(2,491,510)
– CAAL Capital Limited	Owned by Ms. Au	(2,835,121)	(3,533,979)
– China Merit International Holdings Limited	Owned by Ms. Au	(3,019,117)	(5,135,420)
– Au Yik Fei	Associate of Ms. Au	(348,090)	(372,107)
– Au Yuk Kit	Associate of Ms. Au	(450,098)	(748,996)
– Chinacorp International Consultants Limited	Associate of Ms. Au	(60,829)	(4,972,880)
– Kitty Au Nim Bing	Associate of Ms. Au	(262,099)	(262,099)

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

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

- (c) As at 30 September 2011, the amount due from related parties which are the joint owners of joint venture of HK\$857,617 (31 March 2011: HK\$Nil) was unsecured, interest free and repayable on demand. The Directors considered that the fair values of the balances included in the accounts at the end of the reporting period approximate the corresponding carrying amounts.
- (d) The remuneration of directors of the Company and other members of key management during the period was as follows:

		Six months ended 30 September 2011 HK\$	30 September 2010 HK\$
Short-term benefits		1,077,121	545,205
Post-employment benefits		22,500	15,460
Share based payment		134,622	–
		<u>1,234,243</u>	<u>560,665</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

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

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

As at 30 September 2011, the Hang Seng Index record was 17,592 representing 25.2% decrease 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 fee from securities dealings decreased by approximately 62.4% from approximately HK\$12.7 million for the six months ended 30 September 2010 to approximately HK\$4.8 million for the six months ended 30 September 2011. The total value of transaction decreased by approximately 85.6% from approximately HK\$144,304.2 million for the six months ended 30 September 2010 to approximately HK\$20,838.0 million for the six months ended 30 September 2011.

The total value of transactions for securities dealings carried out by the Group for the six months ended 30 September 2011 decreased as compared with 2010. As a result, income relating to clearing and settlement fee also decreased by approximately 84.7% from approximately HK\$3.0 million for the six months ended 30 September 2010 to approximately HK\$0.5 million for the six months ended 30 September 2011.

The commission and brokerage fee from dealings in futures contracts decreased by approximately 0.6% from approximately HK\$791,100 for the six months ended 30 September 2010 to approximately HK\$786,609 for the six months ended 30 September 2011.

The interest income, excluding the interest from authorised financial institutions for the six months ended 30 September 2011, were approximately HK\$5.0 million (approximately HK\$0.7 million for the six months ended 31 March 2010). This income represents an increase of approximately 635.6% as compared with the corresponding period in 2010. The increase were mainly due to the fact that the Group has commenced its margin financing business on April 2011.

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 six months period ended 30 September 2011, the placing and underwriting commission increased by approximately 6.0% from approximately HK\$8.8 million for the six months ended 30 September 2010 to approximately HK\$9.3 million for the six months ended 30 September 2011.

Financial review

The Group's revenue for the six months ended 30 September 2011 was approximately HK\$21.0 million, representing a decrease of approximately 20.0% from approximately HK\$26.2 million of the corresponding period in 2010.

The Group traded equity securities listed in Hong Kong and Canada. During the six months ended 30 September 2011, the Group suffered loss of approximately HK\$2.1 million on trading of equity securities listed in Hong Kong, record an unrealised loss of approximately HK\$1.9 million mainly due to the declined in value in the midst of the recent general downturn of the global equity market.

Administrative expenses for the six months ended 30 September 2011 were approximately HK\$11.5 million (approximately HK\$13.1 million for the six months ended 30 September 2010), representing a decrease of approximately 12.1%.

Due to the total value of transaction decreased by 85.6% from approximately HK\$144,304.2 million for the six months ended 30 September 2010 to HK\$20,838.0 million for the six months ended 30 September 2011. The related expenses such as CCASS charges was decreased by approximately 76.0% from approximately HK\$3.2 million for the six months ended 30 September 2010 to approximately HK\$0.8 million for the six months ended 30 September 2011.

Staff cost excluding the effects of fair value provision for pre-IPO share options for the six months ended 30 September 2011 were approximately HK\$3.2 million (approximately HK\$1.9 million for the six months ended 30 September 2010), representing an increase of approximately 67.3% because of the increase in the total number of staff.

Profit attributable to the owners of the Company amounted to approximately HK\$5.7 million for the six months ended 30 September 2011 (approximately HK\$11.0 million for the six months ended 30 September 2010). Earnings per share was approximately HK0.57 cents for the six months ended 30 September 2011 (approximately HK1.47 cents for the six months ended 30 September 2010).

Liquidity and financial resources and capital structure

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

The Group maintained a healthy financial position, with bank balance and cash in general accounts amounting to approximately HK\$78.9 million as at 30 September 2011 (approximately HK\$156.2 million as at 31 March 2011). Most of the Group's cash and bank balances in general accounts were denominated in Hong Kong dollars. As at 30 September 2011, the Group had net current assets of approximately HK\$164.4 million (approximately HK\$178.9 million as at 31 March 2011). Current ratio of the Group as at 30 September 2011 was approximately 6.56 times (approximately 3.04 times as at 31 March 2011).

As at 30 September 2011, the Group had no secured loans (Nil as at 31 March 2011).

As at 30 September 2011, the Group's gearing ratio represented by the total liabilities as a percentage of the Group's total assets amount to approximately 15.0% (approximately 32.5% as at 31 March 2011).

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 2011, the Group did not have any significant capital commitments (HK\$370,000 as at 31 March 2011).

Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2011.

Staff and remuneration policies

As at 30 September 2011, the Group had 22 (20 as at 31 March 2011) employees, including the Directors. Total staff costs (including directors' emoluments) were approximately HK\$3.2 million for the six months ended 30 September 2011 as compared to approximately HK\$1.9 million for the six months ended 30 September 2010.

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 2011, the Company had provided guarantees in favour of a financial institution in respect of overdraft facilities of its subsidiary, Cheong Lee Securities Limited ("Cheong Lee") amounting to HK\$10.0 million (HK\$10.0 million as at 31 March 2011). As at 30 September 2011, Cheong Lee had a bank fixed deposit amounted of HK\$5.0 million which has been pledged to secure that overdraft facilities (HK\$5.0 million as at 31 March 2011).

Contingent liabilities

As at 30 September 2011, the Group had no material contingent liabilities (Nil as at 31 March 2011).

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 joint venture, namely Capital Global Wealth Management Limited, has been set up for the purpose of engaging in the wealth management business. The joint venture was incorporated in Hong Kong; and the Group holds 41% of the shareholding interest. No revenue has been generated from the joint venture 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 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.

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 30 September 2011.

As at 30 September 2011, details of the share options granted under the Pre-IPO Share Option Scheme are as follows:

Grantees	Date of Grant (Note 1) (dd/mm/yyyy)	Exercise price per share HK\$	Exercisable period (Note 2) (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%
				<hr/> 1,500,000	<hr/> 0.15%
(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%
				<hr/> 1,500,000	<hr/> 0.15%
(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%
				<hr/> 1,000,000	<hr/> 0.10%

Grantees	Date of Grant (Note 1) (dd/mm/yyyy)	Exercise price per share HK\$	Exercisable period (Note 2) (dd/mm/yyyy)	Number of underlying shares	Approximate percentage of shareholding (%)
(iv) Kwok Kin Chung, Executive Director	25/02/2011	0.485	08/03/2012 – 07/03/2013	500,000	0.05%
			Sub-total	4,500,000	0.45%
(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%
				1,800,000	0.18%
			Total	6,300,000	0.63%

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 30 September 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 30 September 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 30 September 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 30 September 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 30 September 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 share under the options granted to him, or if the number of the shares under the options granted to him is less than 500,000, his maximum entitlements under the options granted to him, at any time during the period on or after from the date falling on the first anniversary of the Listing Date to the date of the second anniversary of the Listing Date; and
- (ii) the remaining share, if any, under the options granted to him at any time during the period on or after the date falling on the date of the second anniversary of the Listing Date to the date immediately before the third anniversary of the Listing Date.

Save as disclosed above, none of the Directors or the Chief Executives of the Company had any interest or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations at 30 September 2011.

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

As at 30 September 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 30 September 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 six months ended 30 September 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 30 September 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 six months ended 30 September 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 six months ended 30 September 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 six months ended 30 September 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 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 six months ended 30 September 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, 10 November 2011

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.