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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 2020**

### **CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

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

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

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

## FINANCIAL HIGHLIGHT

- Recorded an unaudited revenue of approximately HK\$10.4 million for the three months ended 30 June 2020 (2019: approximately HK\$11.7 million), representing a decrease of approximately 11.4% over the same period of the previous year.
- Recorded an unaudited profit attributable to the owners of the Company of approximately HK\$8.8 million (2019: approximately HK\$8.0 million) for the three months ended 30 June 2020.
- Basic and diluted earnings per share for the three months ended 30 June 2020 were approximately HK0.40 cent (2019: basic earnings per share approximately HK0.36 cent) and approximately HK0.40 cent (2019: diluted earnings per share of approximately HK0.36 cent) respectively.
- The Board does not recommend the payment of interim dividend for the three months ended 30 June 2020 (2019: 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 2020 together with comparative unaudited figures for the corresponding period in 2019, as follows:

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

*For the three months ended 30 June 2020*

	<i>Notes</i>	<b>Three months ended 30 June</b>	
		<b>2020</b> <b>(Unaudited)</b> <b>HK\$</b>	<b>2019</b> <b>(Unaudited)</b> <b>HK\$</b>
Revenue	3	<b>10,402,294</b>	11,734,504
Net gain on trading of financial assets at fair value through profit or loss		<b>433,451</b>	—
Net change in fair value of financial assets at fair value through profit or loss		<b>2,745,979</b>	1,639,725
Net other income and losses	4	<b>283,432</b>	(9,003)
Administrative expenses		<b>(3,675,393)</b>	(4,629,684)
Finance costs		<b>(38,772)</b>	(52,964)
Profit before tax		<b>10,150,991</b>	8,682,578
Income tax expenses	5	<b>(1,367,008)</b>	(726,731)
Profit for the period attributable to owners		<b><u>8,783,983</u></b>	<b><u>7,955,847</u></b>
<b>Other comprehensive income for the period, net of income tax</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Fair value change in financial assets at fair value through other comprehensive income		<b><u>2,658,510</u></b>	—
Total comprehensive income for the period attributable to owners		<b><u>11,442,493</u></b>	<b><u>7,955,847</u></b>
<b>Earnings per share</b>			
— Basic	7	<b><u>0.40 cent</u></b>	<b><u>0.36 cent</u></b>
— Diluted	7	<b><u>0.40 cent</u></b>	<b><u>0.36 cent</u></b>

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2020

	Share capital HK\$	Share premium HK\$	Merger reserve HK\$	Share option reserve HK\$	Fair value through other comprehensive income reserve HK\$	Capital reserve HK\$	Retained profits HK\$	Attributable to owners of the company HK\$
At 1 April 2020	22,000,000	130,931,993	32,500,000	8,275,000	(2,251,684)	(112,519)	45,145,544	236,488,334
Profit for the period	—	—	—	—	—	—	8,783,983	8,783,983
Fair value change in financial asset at fair value through other comprehensive income	—	—	—	—	2,658,510	—	—	2,658,510
At 30 June 2020	<u>22,000,000</u>	<u>130,931,993</u>	<u>32,500,000</u>	<u>8,275,000</u>	<u>406,826</u>	<u>(112,519)</u>	<u>53,929,527</u>	<u>247,930,827</u>
At 1 April 2019 as restated	22,000,000	130,931,993	32,500,000	8,275,000	—	(112,519)	43,632,123	237,226,597
Profit for the period	—	—	—	—	—	—	7,955,847	7,955,847
At 30 June 2019	<u>22,000,000</u>	<u>130,931,993</u>	<u>32,500,000</u>	<u>8,275,000</u>	<u>—</u>	<u>(112,519)</u>	<u>51,587,970</u>	<u>245,182,444</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 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 2020 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 Revenue

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

	<b>Three months ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$</b>	<b>HK\$</b>
<b>Recognised at a point in time</b>		
Commission and brokerage fees from securities dealing on the Stock Exchange	<b>1,566,467</b>	2,080,842
Placing and underwriting commission	<b>615,840</b>	—
Commission and brokerage fees from dealing in future contracts	<b>120,509</b>	116,039
Other service income	<b>259</b>	669
Clearing and settlement fee	<b>145,130</b>	619,745
Handling service and dividend collection fees	<b>12,683</b>	31,117
<b>Recognised over time</b>		
— Income derived from income right	—	569,554
<b>Other sources income</b>		
Interest income from		
— cash and margin client	<b>2,001,059</b>	3,169,755
— loan client	<b>5,034,560</b>	5,034,362
— financial asset at fair value through other comprehensive income	<b>764,220</b>	—
— authorised financial institutions	<b>89,254</b>	110,384
— others	<b>52,313</b>	2,037
	<b>10,402,294</b>	<b>11,734,504</b>

## 4 Net other income and losses

	Three months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Net exchange loss	(72,985)	(17,950)
Government subsidies	356,342	—
Sundry income	75	8,947
	<u>283,432</u>	<u>(9,003)</u>

## 5 Income tax expenses

	Three months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Hong Kong Profits Tax		
— current period	915,500	731,472
Deferred tax		
— current period	<u>451,508</u>	<u>(4,741)</u>
	<u>1,367,008</u>	<u>726,731</u>

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2,000,000 of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2,000,000.

## 6 Dividend

The Board does not recommend the payment of interim dividend for the three months ended 30 June 2020 (2019: 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.

	<b>Three months ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$</b>	<b>HK\$</b>
Profit for the period attributable to owners of the Company	<b>8,783,983</b>	<b>7,955,847</b>
	<b>Three months ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b>No. of shares</b>	<b>No. of shares</b>
Weighted average number of ordinary shares in issue during the period	<b>2,200,000,000</b>	<b>2,200,000,000</b>
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>2,200,000,000</b>	<b>2,200,000,000</b>
Effect of dilutive potential ordinary shares:		
Share options issued by the Company	<b>—</b>	<b>—</b>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>2,200,000,000</b>	<b>2,200,000,000</b>

## 8 Event after the reporting period

The Company has terminated the Share Option Scheme on 4 August 2020.

The Company has adopted a new share option scheme ("New Share Option Scheme") on 4 August 2020. There are no share options granted, cancelled or lapsed, exercise and outstanding under the New Share Option Scheme as at the date of this announcement. Further details relating to the New Share Option Scheme are disclosed on pages 8 to 10 and pages 18 to 26 of the circular of the Company on 30 June 2020.

## 9 Comparative figures

Certain comparative figures have been reclassified or restated to conform with the current period's presentation.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Market Review

During the reporting period, Hong Kong's economy was weak, the unemployment rate increased and interest rate decreased. In Hong Kong stock market, China technology stocks performed well but traditional stocks such as real estate stocks and financials stocks were underperformed. For bond market, bonds price for the period under review rebounded sharply compared with the one at the end of March 2020. As at 30 June 2020, the Hang Seng Index recorded 24,427 representing approximately 3.4% increased as compared with 23,603 as at 31 March 2020.

## Business review

### Revenue and Investment Income

The Group's total revenue and investment income for the three months ended 30 June 2020 was approximately HK\$13.6 million, as compared with the corresponding period in 2019 of approximately HK\$13.4 million, increased by approximately 1.6% or approximately HK\$0.2 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 24.7% from approximately HK\$2.1 million for the three months ended 30 June 2019 to approximately HK\$1.6 million for the three months ended 30 June 2020. The total value of transactions for securities dealing decreased by approximately 85.9% from approximately HK\$26,534.7 million for the three months ended 30 June 2019 to approximately HK\$3,743.5 million for the three months ended 30 June 2020.

Income relating to clearing and settlement fee and handling service decreased by approximately 75.8% from approximately HK\$651,000 for the three months ended 30 June 2019 to approximately HK\$158,000 for the three months ended 30 June 2020.

The commission and brokerage fees on dealing in futures contracts increased by approximately HK\$4,000 from approximately HK\$116,000 for the three months ended 30 June 2019 to HK\$120,000 for the three months ended 30 June 2020.

The interest income derived from cash and margin securities accounts for the three months ended 30 June 2020 was approximately HK\$2.0 million represents a decrease of approximately 36.9% from approximately HK\$3.2 million of the corresponding period in 2019.

## **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.

Placing and underwriting commission for the three months ended 30 June 2020 was approximately HK\$616,000 (For the three months ended 30 June 2019: nil).

## **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 2020, CLC Finance Limited maintained the loan amounting to approximately HK\$109.0 million. The interest income derived from providing loan and finance to customers for the three months ended 30 June 2020 was approximately HK\$5.0 million (2019: approximately HK\$5.0 million).

## **Investment Holding**

The Group maintained a portfolio investments included the holding of listed equity securities and bonds. During the period under review, the Group had not received a return (2019: approximately HK\$570,000) from an income right which had been disposed in the end of last year. The Group traded equity securities listed in Hong Kong and oversea. As at 30 June 2020, the total value of the Group investment portfolio was approximately HK\$72.9 million (31 March 2020: approximately HK\$65.1 million), including the value of portfolio of listed securities and debt securities of approximately HK\$69.3 million (31 March 2020: approximately HK\$54.1million). The interest income from financial asset at fair value through other comprehensive income for the three months period ended 30 June 2020 was approximately HK\$0.8million (2019: nil). As at 30 June 2020, the value of debt securities was approximately HK\$25.3million (30 June 2019: approximately HK\$7.7million).

During the period under review, the net gain on trading of financial assets at fair value through profit or loss of approximately HK\$0.4 million (2019: nil) and net gain in fair value of financial assets at fair value through profit or loss of approximately HK\$2.7 million (2019: HK\$1.6 million).

## **Financial review**

The Group's revenue for the three months ended 30 June 2020 was approximately HK\$10.4 million, representing a decrease of approximately 11.4% from approximately HK\$11.7 million of the corresponding period in 2019.

The administration expenses decreased by approximately 20.6% from approximately HK\$4.6 million for the three months ended 30 June 2019 to approximately HK\$3.7 million for the three months ended 30 June 2020. As the total value of transaction for securities dealing decreased for the period, the related expenses such as CCASS charges and the commission payment were decreased for the three months ended 30 June 2020 compared with the corresponding period of 2019. In addition, the advertising and promotion expense was decreased for the three months ended 30 June 2020 as compared to the corresponding period of 2019.

Staff cost for the three months ended 30 June 2020 was approximately HK\$1.4 million (approximately HK\$1.5 million for the three months ended 30 June 2019).

Profit for the period attributable to owners of the Company amounted to approximately HK\$8.8 million for the three months ended 30 June 2020 (approximately HK\$8.0 million for the three months ended 30 June 2019). The increase in the profit for the period attributable to owners of the Company was mainly attributed to the increase in net change in fair value of financial assets at fair value through profit or loss. Earnings per share attributable to owners of the Company was approximately HK0.40 cent for the three months ended 30 June 2020 (approximately HK0.36 cent for the three months ended 30 June 2019). Diluted earnings per share for the three months ended 30 June 2020 was approximately HK0.40 cent (2019: diluted earnings per share of approximately HK0.36 cent).

## **Future plans for material investments or acquisition of capital assets**

As at 30 June 2020, the Group had no plans for material investments or acquisition of capital assets, but will actively pursue opportunities for investments to enhance the profitability of the Group in its ordinary course of business.

## **Outlook**

Looking forward to the second half of 2020, the COVID-19 pandemic will remain a key threat to the global economic outlook, the market continues to concern various aspects COVID-19 development. In addition, China-US relationship and the US president election will also have impact on Hong Kong financial market. 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 SCHEME

## Share Option Scheme

The Company has a share option scheme, namely, the share option scheme (the “Share Option Scheme”) which was adopted on 22 February 2011 and was terminated the Share Option Scheme on 4 August 2020.

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 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 2020, the total number of shares in respect of which share options may be granted under the Share Option Scheme is not permitted to exceed 110,000,000 shares, representing 5% of the total number of shares of the Company as at 30 June 2020.

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

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

The total number of shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme to eligible participants in any 12 months period up to the date of grant shall not exceed 1% of the Shares in issue as the date of grant. Any further grant of options in excess of this 1% limit shall be subject to the approval of shareholders in a general meeting.

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall not be less than the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of grant; or (iii) the nominal value of a Share.

As at 30 June 2020, 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 2020
				Balance as at 1 April 2020	Exercised	Cancelled/ lapsed	
Kwok Kin Chung, Executive Director	09/04/2014	0.2275	09/04/2014–08/04/2023	20,000,000	—	—	20,000,000
Yu Linda, Executive Director	09/04/2014	0.2275	09/04/2014–08/04/2023	20,000,000	—	—	20,000,000
Lau Kin Hon, Executive Director	09/04/2014	0.2275	09/04/2014–08/04/2023	20,000,000	—	—	20,000,000
			<b>Sub-total</b>	<b>60,000,000</b>	<b>—</b>	<b>—</b>	<b>60,000,000</b>
Employees	09/04/2014	0.2275	09/04/2014–08/04/2023	40,000,000	—	—	40,000,000
			<b>Total</b>	<b>100,000,000</b>	<b>—</b>	<b>—</b>	<b>100,000,000</b>
Weighted average exercise price				0.2275	—	—	0.2275

## **Fair value of share options and assumptions**

The fair value of share option granted at the grant date was HK\$8,275,000, which are calculated using the Black-Scholes model with the following inputs:

Date of grant	:	9 April 2014
Share price at the grant date	:	HK\$0.410
Exercise price	:	HK\$0.2275
Expected volatility	:	55.019%
Expected life of option	:	9 years
Expected dividend yield	:	5.860%
Risk free rate	:	2.106%

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

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

As at 30 June 2020, 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 2020, there were a total of 60,000,000 outstanding share options of the Company granted to the Directors, details of which are summarised in the following table:

Director	Date of grant (dd/mm/yyyy)	Options to Subscribe for Shares of the Company			Outstanding as at 30 June 2020	Option exercise Period (dd/mm/yyyy)	Exercise price per share	Approximate percentage of shareholding
		Outstanding as at 1 April 2020	Exercised during the period	Lapsed during the period				
Kwok Kin Chung	09/04/2014	20,000,000	—	—	20,000,000	09/04/2014 to 08/04/2023	HK\$0.2275	0.91%
Yu Linda	09/04/2014	20,000,000	—	—	20,000,000	09/04/2014 to 08/04/2023	HK\$0.2275	0.91%
Lau Kin Hon	09/04/2014	20,000,000	—	—	20,000,000	09/04/2014 to 08/04/2023	HK\$0.2275	0.91%
Total		<u>60,000,000</u>	<u>—</u>	<u>—</u>	<u>60,000,000</u>			<u>2.73%</u>

Save as disclosed above, none of the Directors or the Chief Executives of the Company had any interest or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations at 30 June 2020.

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

As at 30 June 2020, according to the register of interests kept by the Company under Section 336 of the SFO, the following parties (in addition to those disclosed above in respect of the Directors and Chief Executives of the Company) had interests or short positions in the shares or underlying shares of the Company which were required to be recorded in the register and/or were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group:

### Long position in shares of the Company

Name of shareholder	Number of shares	Approximate percentage holding
Zillion Profit Limited	1,500,000,000	68.18%
Ms. Au Suet Ming Clarea ( <i>note i</i> )	1,500,000,000	68.18%

*Note:*

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

Save as disclosed above, as at 30 June 2020, 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 2020.

## **DIRECTORS' INTERESTS IN A COMPETING BUSINESS**

For the three months ended 30 June 2020, 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 three months ended 30 June 2020.

## **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 three months ended 30 June 2020, 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, except for the following deviation:

Under CG Code Provision A.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

The Group currently has no chairman. The daily operation and management of the Group is monitored by CEO and executive Directors.

The Board is of the view that although there is no chairman, the balance of power and authority is ensured by the operation of the Board, which comprises experienced individuals who would meet from time to time to discuss issues affecting operation of the Group. This arrangement can still enable the Group to make and implement decisions promptly, and thus achieve the Group's objectives efficiently and effectively in response to the changing environment.

The Group will, at the appropriate time, arrange for the election of the new chairman of the Board.

## **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. Poon Wing Chuen, Mr. Wang Rongqian and Mr. Hu Chao. The unaudited condensed consolidated results of the Group for the three months ended 30 June 2020 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, 11 August 2020

*As at the date of this announcement, 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. Poon Wing Chuen, Mr. Wang Rongqian and Mr. Hu Chao.*