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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 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 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.

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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\$34.4 million for the nine months ended 31 December 2020, representing a decrease of approximately 0.7% over the same period of the previous year.
- Recorded an unaudited profit attributable to the owners of the Company of approximately HK\$30.3 million for the nine months ended 31 December 2020, representing an increase of approximately 7.1% over the same period of the previous year.
- Basic and diluted earnings per share for the nine months ended 31 December 2020 were approximately HK1.38 cents (2019: basic and diluted earnings per share of approximately HK1.29 cents).
- The Directors do not recommend the payment of an interim dividend for the nine months ended 31 December 2020 (nine months ended 31 December 2019: Nil).

The board of directors (the “Board”) of the Company is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the three months and nine months ended 31 December 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 and nine months ended 31 December 2020

		Three months ended 31 December		Nine months ended 31 December	
		2020	2019	2020	2019
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
	Notes	HK\$	HK\$	HK\$	HK\$
Revenue	3	13,020,469	10,057,216	34,377,055	34,609,486
Net (loss) gain on trading of financial assets at fair value through profit or loss		405,820	(76,806)	2,043,861	277,254
Net changes in fair value of financial assets at fair value through profit or loss		651,738	1,274,609	10,471,793	(305,373)
Net other income, gains and losses	4	164,751	4,797,285	842,058	4,832,025
Impairment losses under expected credit loss model, net of reversal	5	—	5,036,777	—	5,036,777
Administrative expenses		(4,344,607)	(4,495,516)	(11,678,141)	(13,049,305)
Finance cost		(226,070)	(112,576)	(328,973)	(441,557)
Profit before tax		9,672,101	16,480,989	35,727,653	30,959,307
Income tax expenses	6	(1,507,802)	(1,110,567)	(5,454,238)	(2,684,263)
Profit for the period attributable to owners		<u>8,164,299</u>	<u>15,370,422</u>	<u>30,273,415</u>	<u>28,275,044</u>
Other comprehensive income for the period, net of income tax					
Items that may be reclassified subsequently to profit or loss:					
Fair value change in financial assets at fair value through other comprehensive income		634,444	—	3,587,029	—
Total comprehensive income for the period attributable to owners		<u>8,798,743</u>	<u>15,370,422</u>	<u>33,860,444</u>	<u>28,275,044</u>
Earnings per share					
— Basic	8	0.38 cent	0.70 cent	1.38 cents	1.29 cents
— Diluted	8	0.38 cent	0.70 cent	1.38 cents	1.29 cents

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2020

	Share capital HK\$	Share premium HK\$	Merger reserve HK\$	Share options reserve HK\$	Fair value through other comprehensive income reserve HK\$	Capital reserve HK\$	Retained profits HK\$	Total HK\$
At 1 April 2020	<u>22,000,000</u>	<u>130,931,993</u>	<u>32,500,000</u>	<u>8,275,000</u>	<u>(2,251,684)</u>	<u>(112,519)</u>	<u>45,145,544</u>	<u>236,488,334</u>
Profit for the period	—	—	—	—	—	—	30,273,415	30,273,415
Fair value change in financial asset at fair value through other comprehensive income	—	—	—	—	3,587,029	—	—	3,587,029
Dividend	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(22,000,000)</u>	<u>(22,000,000)</u>
At 31 December 2020	<u><u>22,000,000</u></u>	<u><u>130,931,993</u></u>	<u><u>32,500,000</u></u>	<u><u>8,275,000</u></u>	<u><u>1,335,345</u></u>	<u><u>(112,519)</u></u>	<u><u>53,418,959</u></u>	<u><u>248,348,778</u></u>
At 1 April 2019	22,000,000	130,931,993	32,500,000	8,275,000	—	(112,519)	43,632,122	237,226,596
Profit and total comprehensive income for the period	—	—	—	—	—	—	28,275,044	28,275,044
Dividend	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(22,000,000)</u>	<u>(22,000,000)</u>
At 31 December 2019	<u><u>22,000,000</u></u>	<u><u>130,931,993</u></u>	<u><u>32,500,000</u></u>	<u><u>8,275,000</u></u>	<u><u>—</u></u>	<u><u>(112,519)</u></u>	<u><u>49,907,166</u></u>	<u><u>243,501,640</u></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 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, margin and loan financing service, 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 (the "HKICPA") and the disclosure requirements of the GEM Listing Rules. They have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value.

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 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 and revised HKFRSs that have been issued but are not yet effective.

3 Revenue

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

	Three months ended 31 December		Nine months ended 31 December	
	2020	2019	2020	2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$	HK\$	HK\$	HK\$
Recognised at a point in time				
Commission and brokerage fees from securities dealing on the Stock Exchange	1,717,998	1,867,729	4,936,195	5,863,452
Commission and brokerage fees from dealing in futures contracts	98,845	98,641	345,268	351,480
Other service income	—	237	259	1,416
Placing and underwriting commission	1,248,371	399,000	1,864,211	399,000
Clearing and settlement fee	337,703	151,721	684,335	978,708
Handling service and dividend collection fees	12,900	8,927	54,516	78,940
Recognised over time				
Income derived from income right	—	554,490	—	1,676,905
Other sources income				
Interest income from				
— Cash and margin Client	2,183,945	1,906,896	5,873,628	9,325,065
— Loan client	6,200,010	4,279,785	17,287,378	14,814,964
— Authorised financial institutions	21,205	114,233	163,192	441,188
— Financial asset at fair value through other comprehensive income	621,563	670,312	2,046,038	670,312
— Financial assets at fair value through profit or loss	568,744	—	1,101,339	—
— Others	9,185	5,245	20,696	8,056
	<u>13,020,469</u>	<u>10,057,216</u>	<u>34,377,055</u>	<u>34,609,486</u>

4 Net other income, gain and losses

	Three months ended 31 December		Nine months ended 31 December	
	2020	2019	2020	2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$	HK\$	HK\$	HK\$
Government subsidies	—	—	662,684	—
Net exchange gain/(loss)	85,302	(2,820)	28,981	(2,014)
Gain on disposal of income right (<i>Note</i>)	—	4,778,912	—	4,778,912
Dividend income	27,347	—	87,931	160
Sundry income	52,102	21,193	62,462	54,967
	<u>164,751</u>	<u>4,797,285</u>	<u>842,058</u>	<u>4,832,025</u>

Note: A subsidiary of the Group entered into an agreement with an independent third party to sell its income rights of the PV Power Plant consideration of RMB21 million in cash. Further details relating to the transaction are disclosed in the announcements of the Company dated 8 October 2018, 9 October 2018, 10 April 2019 and 14 June 2019.

5 Impairment losses under expected credit loss model, net of reversal

	Three months ended 31 December		Nine months ended 31 December	
	2020	2019	2020	2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$	HK\$	HK\$	HK\$
Recovery of trade receivables	<u>—</u>	<u>5,036,777</u>	<u>—</u>	<u>5,036,777</u>

6 Income tax expenses

	Three months ended 31 December		Nine months ended 31 December	
	2020 (Unaudited) HK\$	2019 (Unaudited) HK\$	2020 (Unaudited) HK\$	2019 (Unaudited) HK\$
Hong Kong Profits Tax				
— current period	1,481,674	1,065,095	3,904,027	2,591,917
Deferred tax expenses				
— current period	26,128	45,472	1,550,211	92,346
	<u>1,507,802</u>	<u>1,110,567</u>	<u>5,454,238</u>	<u>2,684,263</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.

7 Dividend

The Board does not recommend the payment of an interim dividend for the nine months ended 31 December 2020 (2019: 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 31 December 2020 (Unaudited) HK\$		2019 (Unaudited) HK\$		Nine months ended 31 December 2020 (Unaudited) HK\$		2019 (Unaudited) HK\$	
Profit for the period attributable to owners of the Company	<u>8,164,299</u>		<u>15,370,422</u>		<u>30,273,415</u>		<u>28,275,044</u>	
	Three months ended 31 December 2020 No. of shares		2019 No. of shares		Nine months ended 31 December 2020 No. of shares		2019 No. of shares	
Weighted average number of ordinary shares in issue during the period	<u>2,200,000,000</u>		<u>2,200,000,000</u>		<u>2,200,000,000</u>		<u>2,200,000,000</u>	
Weighted average number of ordinary shares and dilutive potential ordinary shares in issue during the period	<u>2,200,000,000</u>		<u>2,200,000,000</u>		<u>2,200,000,000</u>		<u>2,200,000,000</u>	

No adjustment had been made to the basic earnings per share amounts presented for the three months ended and nine months ended 31 December 2020 and for the three months and nine months ended 31 December 2019 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.

9 Comparative figures

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

MANAGEMENT DISCUSSION AND ANALYSIS

Market review

During the reporting period, the research and development of COVID-19 vaccine made significant progress, attracting liquidity back to stock market. Some stocks performed well. Hong Kong unemployment rate increased and interest rate decreased. For bond market, bond price for the period under review rebounded compared with the one at the end of March 2020. As at 31 December 2020, the Hang Seng Index recorded 27,231 representing approximately 15.4% 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 nine months ended 31 December 2020 was approximately HK\$46.9 million, as compared with the corresponding period in 2019 of approximately HK\$34.6 million, increased by approximately 35.6% or approximately HK\$12.3 million.

Securities and Futures Brokerage

Revenue from Securities and Futures Brokerage represent commission and brokerage fee and other fees including interest derived from cash and margin securities or futures accounts and interest from IPO financing.

The commission and brokerage fees from securities dealings decreased by approximately 15.8% from approximately HK\$5.9 million for the nine months ended 31 December 2019 to approximately HK\$4.9 million for the nine months ended 31 December 2020. The total value of transaction for the nine months ended 31 December 2020 was approximately HK\$22,321.8 million (2019: approximately HK\$37,186.6 million). As a result, income relating to clearing and settlement fees and handling service also decreased by approximately 30.1% from approximately HK\$1.1 million for the nine months ended 31 December 2019 to approximately HK\$0.7 million for the nine months ended 31 December 2020.

The commission and brokerage fees on dealing in futures contracts decreased by approximately 1.8% from HK\$351,480 for the nine months ended 31 December 2019 to HK\$345,268 for the nine months ended 31 December 2020.

The interest income derived from cash and margin securities accounts for the nine months ended 31 December 2020 was approximately HK\$5.9 million represents an decrease of approximately 37.0% from approximately HK\$9.3 million of the corresponding period in 2019.

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 31 December 2020, CLC Finance Limited maintained the loan portfolio amounting to approximately HK\$112.0 million. The interest income derived from providing loan and finance to customers for the nine months ended 31 December 2020 was approximately HK\$17.2 million (For the nine months ended 31 December 2019: approximately HK\$14.8 million).

Securities Advisory Services

The Group holds licence under the Securities and Futures Ordinance to engage in Type 4 regulated activities — Advising on Securities. Revenue generated from this segment derived from services provided under these regulated activities.

Placing and Underwriting Business

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

The placing and underwriting commission increased by approximately HK\$1.5 million from approximately HK\$0.4 million for the nine months ended 31 December 2019 to approximately HK\$1.9 million for nine months ended 31 December 2020.

Investment Holding

The Group maintained portfolio investments included the holding of listed equity securities, bonds and other unlisted securities. During the period under review, the Group did not receive a return (2019: approximately HK\$1.7 million) from an income right which had been disposed in the end of last year. The Group traded equity securities listed in Hong Kong and overseas. As at 31 December 2020, the total value of the Group investment portfolio was approximately HK\$83.3 million (31 March 2020: approximately HK\$65.1 million), including the value of portfolio of listed securities, debt securities and other unlisted securities of approximately HK\$74.4 million (31 March 2020: approximately HK\$54.1 million). The interest income from financial asset at fair value for the nine months period ended 31 December 2020 was approximately HK\$3.1 million (2019: approximately HK\$0.7 million). As at 31 December 2020, the value of debt securities and other unlisted securities was approximately HK\$37.7 million (31 March 2020: approximately HK\$26.4 million).

During the period, the net gain on trading of financial assets at fair value through profit or loss of approximately HK\$2.0 million and net gain in fair value of financial assets at fair value through profit or loss of approximately HK\$10.5 million (2019: approximately HK\$0.3 million and net loss in fair value of approximately HK\$0.3 million respectively).

Financial review

The Group's revenue for the nine months ended 31 December 2020 was approximately HK\$34.4 million, representing a decrease of approximately 0.7% from approximately HK\$34.6 million of the corresponding period in 2019.

Net other income, gains and losses for the nine months ended 31 December 2020 were approximately HK\$0.8 million (approximately HK\$4.8 million for the nine months ended 31 December 2019) representing decrease of approximately HK\$4.0 million. The decrease in net other income, gains and losses were mainly attributed to gain on disposal of income right for the period ended 31 December 2019. Gain on disposal income right for the nine months ended 31 December 2019 was approximately HK\$4.8 million. A subsidiary of the Group entered into an agreement with an independent third party to sell its income rights of PV Power Plant consideration of RMB21 million in cash. Further details relating to the transactions are disclosed in the announcements of the Company dated 8 October 2018, 9 October 2018, 10 April 2019 and 14 June 2019.

Impairment losses under expected credit loss model, net of reversal for the nine months ended 31 December 2019 was approximately HK\$5.0 million. The impairment loss under ECL model for the year ended 31 March 2019 was approximately HK\$12.0 million. The reversal of impairment loss of trade receivable of approximately HK\$5.0 million is due to the Group's recovery of trade receivable of approximately HK\$5.0 million for the nine months ended 31 December 2019.

Administrative expenses for the nine months ended 31 December 2020 were approximately HK\$11.7 million (approximately HK\$13.0 million for the nine months ended 31 December 2019) representing a decrease of approximately 10.5%. Due to the total value of transaction for securities dealing decreased for the nine months ended 31 December 2020, the related expenses such as CCASS charges and the payment of commission were decreased for the nine months ended 31 December 2020 compared with the corresponding period in 2019. Total staff costs were approximately HK\$4.6 million for the nine months ended 31 December 2020 as compared to approximately HK\$4.8 million for the nine months ended 31 December 2019. Furthermore, general expenses decreased due to the tighter cost control during the period.

Profit attributable to the owners of the Company amounted to approximately HK\$30.3 million for the nine months ended 31 December 2020 (approximately HK\$28.3 million for the nine months ended 31 December 2019).

Earnings per share attributable to owners of the Company was approximately HK1.38 cents for the nine months ended 31 December 2020 (approximately HK1.29 cents for the nine months ended 31 December 2019). Diluted earnings per share for the nine months ended 31 December 2020 were approximately HK1.38 cents (2019: diluted earnings per share of approximately HK1.29 cents).

Future plans for material investments or capital assets

As at 31 December 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

With the launch of vaccines, it is expected that the COVID-19 has a chance to be under control and then global economy will rebound in 2021. HKSAR government estimates that mass COVID-19 vaccinations will begin in 2021, this should benefit to the financial market in Hong Kong. The Group will leverage the knowledge and experience of our management team to seize opportunities as they arise. The Group will continue to put efforts on expanding the margin and loan financing business and securities advisory service and on satisfying the 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

New Share Option Scheme

The Company adopted a new share option scheme (the “New Share Option Scheme”) on 4 August 2020. As at 31 December 2020, there are no share option granted, cancelled or lapsed, exercise and outstanding under the New Share Option Scheme. 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.

Share Option Scheme

The Company had 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. 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 31 December 2020, details of the share options granted under the Share Option Scheme are as follows:

Granted	Date of Grant (dd/mm/yyyy)	Exercise price# per share HK\$	Exercisable period (dd/mm/yyyy)	Changes during the period				Balance as at 1 April 2020	Balance as at 31 December 2020
				Granted	Exercised	Cancelled/ lapsed			
Kwok Kin Chung, Executive Director	09/04/2014	0.2275	09/04/2014–08/04/2023	20,000,000	—	—	—	20,000,000	20,000,000
Yu Linda, Executive Director	09/04/2014	0.2275	09/04/2014–08/04/2023	20,000,000	—	—	—	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	20,000,000
Sub-total				<u>60,000,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>60,000,000</u>	<u>60,000,000</u>
Employees	09/04/2014	0.2275	09/04/2014–08/04/2023	40,000,000	—	—	—	40,000,000	40,000,000
Total				<u>100,000,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>100,000,000</u>	<u>100,000,000</u>
Weighted average exercise price				<u>0.2275</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>0.2275</u>	<u>0.2275</u>

Fair value of share options and assumptions

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

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

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

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

As at 31 December 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 31 December 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 31 December 2020	Option exercise period (dd/mm/yyyy)	Exercise price per share [#]	Approximate percentage of shareholding
		Outstanding as at 1 April 2020	Granted during the period	Exercised during the period	Lapsed during the period				
Kwok Kin Chung	09/04/2014	20,000,000	—	—	—	20,000,000	09/04/2014 to 08/04/2023	HK\$0.2275	0.91%
Yu Linda	09/04/2014	20,000,000	—	—	—	20,000,000	09/04/2014 to 08/04/2023	HK\$0.2275	0.91%
Lau Kin Hon	09/04/2014	20,000,000	—	—	—	20,000,000	09/04/2014 to 08/04/2023	HK\$0.2275	0.91%
Total		<u>60,000,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>60,000,000</u>			<u>2.73%</u>

Save as disclosed above, none of the Directors or the Chief Executives of the Company had any interest or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations at 31 December 2020.

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

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

As at 31 December 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 31 December 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 nine months ended 31 December 2020.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

For the nine months ended 31 December 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 nine months ended 31 December 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 nine months ended 31 December 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 Chief executive officer 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 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 nine months ended 31 December 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, 26 January 2021

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.

This announcement will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page for 7 days from the date of its posting and on the website of the Company.