

CHARACTERISTICS OF THE 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.

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This report, 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 report 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 report misleading.



FINANCIAL HIGHLIGHT

- Recorded an unaudited revenue of approximately HK\$22.5 million for the six months ended 30 September 2024, representing an increase of approximately 16.4% over the same period of the previous year.
- Recorded an unaudited profit for the period attributable to owners of the Company of approximately HK\$24.8 million for the six months ended 30 September 2024. The profit for the period attributable to the owners of the Company mainly attributed to the reversal of impairment loss of loan receivables under expected credit loss model during the period under review.
- Basic and diluted profit per share for the six months ended 30 September 2024 were HK1.13 cent (six months ended 30 September 2023: basic loss per share of HK0.48 cent) and HK1.13 cent (six months ended 30 September 2023: diluted loss per share of HK0.48 cent) respectively.
- The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2024 (six months ended 30 September 2023: 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 six months ended 30 September 2024 together with comparative unaudited figures for the corresponding period in 2023, as follows:

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

For the three months and six months ended 30 September 2024

		Six months ended 30 September 2024 (Unaudited) HK\$	2023 (Unaudited) HK\$
	Notes		
Revenue	3	22,541,160	19,372,695
Net <u>loss</u> on trading of financial assets at fair value through profit or loss		(208,672)	(920,424)
Net changes in fair value of financial assets at fair value through profit or loss		(129,682)	(1,730,269)
Net other income, gains and losses	4(a)	343,274	269,934
Impairment loss under expected credit loss model, net of reversal	4(b)	13,630,431	(17,171,270)
Administrative expenses		(8,062,726)	(8,734,298)
Finance costs		(647,169)	(712,912)
<u>Profit/(loss) before tax</u>		27,466,616	(9,626,544)
Income tax expenses	6	(2,680,567)	(1,040,393)
<u>Profit/(loss) for the period attributable to owners</u>		24,786,049	(10,666,937)
Other comprehensive income/(expenses) 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		48,696	(778,245)
Exchange differences arising on translation of the PRC subsidiaries		(101,964)	(184,532)
<u>Total comprehensive income/(expenses) for the period attributable to owners</u>		24,732,781	(11,629,714)
Earnings/(loss) per share			
— Basic	8	1.13 cent	(0.48 cent)
— Diluted	8	1.13 cent	(0.48 cent)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2024

		30 September 2024 (Unaudited) HK\$	31 March 2024 (Audited) HK\$
	Notes		
Non-current assets			
Investment properties	9	<u>8,895,402</u>	<u>8,641,430</u>
Plant and equipment	10	<u>149,462</u>	<u>169,493</u>
Right-of-use assets		<u>538,720</u>	<u>1,616,163</u>
Other assets		<u>1,705,000</u>	<u>1,705,000</u>
Loans receivables	12	<u>23,559,481</u>	<u>32,987,703</u>
Financial asset at fair value through other comprehensive income		<u>500</u>	<u>500</u>
Deferred tax assets		<u>1,720,704</u>	<u>3,633,539</u>
		<u>36,569,269</u>	<u>48,753,828</u>
Current assets			
Trade receivables	11	<u>117,595,443</u>	<u>109,271,568</u>
Loan receivables	12	<u>61,123,439</u>	<u>45,823,979</u>
Other receivables, deposits and prepayments		<u>1,052,931</u>	<u>776,006</u>
Financial assets at fair value through profit or loss		<u>409,893</u>	<u>7,204,077</u>
Financial asset at fair value through other comprehensive income		<u>338,135</u>	<u>289,439</u>
Tax refundable		<u>826,042</u>	<u>1,238,143</u>
Pledged bank deposit	13	<u>5,000,000</u>	<u>5,000,000</u>
Bank balances and cash — trust accounts	13	<u>27,494,710</u>	<u>27,366,802</u>
Bank balances and cash — general accounts	13	<u>1,022,509</u>	<u>3,618,638</u>
		<u>214,863,102</u>	<u>200,588,652</u>

		30 September 2024 (Unaudited) HK\$	31 March 2024 (Audited) HK\$
	Notes		
Current liabilities			
Trade payables	14	28,953,480	28,141,118
Other payables and accruals		8,615,762	8,236,913
Bank borrowings		525,769	23,793,898
Shareholder loan	18(d)	4,500,000	4,500,000
Lease liabilities — due within one year		561,191	1,671,042
Income tax payables		800,419	286,922
		43,956,621	66,629,893
Net current assets		170,906,481	133,958,759
Total assets less current liabilities		207,475,750	182,712,587
Non-current liabilities			
Deferred tax liabilities		1,064,132	1,033,750
		1,064,132	1,033,750
Net assets		206,411,618	181,678,837
Capital and reserves			
Share capital	15	22,000,000	22,000,000
Reserves		184,411,618	159,678,837
Equity attributable to owners of the Company		206,411,618	181,678,837

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2024

	Share capital HK\$	Share premium HK\$	Merger reserve HK\$	Share options reserve HK\$	Fair value through other comprehensive income reserve HK\$	Capital reserve HK\$	Exchange reserves HK\$	Retained profits HK\$	Attributable to owners of the Company HK\$
At 1 April 2024	22,000,000	130,931,993	32,500,000	=	(13,371,976)	(112,519)	(50,228)	9,781,567	181,678,837
Profit for the period	=	=	=	=	=	=	=	24,786,049	24,786,049
Fair value change in financial asset at fair value through other comprehensive income	=	=	=	=	48,696	=	=	=	48,696
Exchange differences arising on translation of the PRC subsidiaries	=	=	=	=	=	=	(101,964)	=	(101,964)
At 30 September 2024	22,000,000	130,931,993	32,500,000	=	(13,323,280)	(112,519)	(152,192)	34,567,616	206,411,618
At 1 April 2023	22,000,000	130,931,993	32,500,000	6,620,000	(12,115,365)	(112,519)	122,541	15,418,616	195,365,266
Loss for the period	—	—	—	—	—	—	—	(10,666,937)	(10,666,937)
Fair value change in financial asset at fair value through other comprehensive income	—	—	—	—	(778,245)	—	—	—	(778,245)
Exchange differences arising on translation of the PRC subsidiaries	—	—	—	—	—	—	(184,532)	—	(184,532)
Lapse of share option	—	—	—	(6,620,000)	—	—	—	6,620,000	—
At 30 September 2023	22,000,000	130,931,993	32,500,000	—	(12,893,610)	(112,519)	(61,991)	11,371,679	183,735,552

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2024

	Six months ended 30 September	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Net cash from operating activities	15,489,209	18,738,101
Net cash from investing activities	7,168,369	7,226,063
Net cash used in financing activities	(25,006,998)	(15,739,093)
Net (decrease)/increase in cash and cash equivalents	(2,349,420)	10,225,071
Effect of foreign exchange rate changes	(246,710)	(3,570)
Cash and cash equivalents at beginning of period	3,618,639	6,505,255
Cash and cash equivalents at end of period	1,022,509	16,726,756
Analysis of the balance of cash and cash equivalents		
Bank balances and cash — general accounts	1,022,509	16,726,756

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 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 services 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 2024 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 interim results have not been reviewed by the Company's auditor, 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.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since 31 March 2024. The condensed consolidated financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with the HKFRSs.

The interim financial report is unaudited. The financial information relating to the financial year ended 31 March 2024 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for the financial year but is derived from those financial statements. The statutory financial statements for the year ended 31 March 2024 are available from the Company's registered office. The auditor has expressed an unqualified opinion on those financial statements in their report dated 25 June 2024.

3 Revenue

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

	Six months ended	
	30 September	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Recognised at a point in time		
Commission and brokerage fees from securities dealing on the Stock Exchange	<u>1,868,703</u>	2,129,636
Commission and brokerage fees from dealing in futures contracts	<u>60,108</u>	92,231
Placing and underwriting commission	<u>1,172,739</u>	714,320
Clearing and settlement fee	<u>726,386</u>	873,155
Handling service and dividend collection fees	<u>275,226</u>	359,188
Other sources income		
Interest income from		
— cash and margin client	<u>9,561,771</u>	6,329,984
— loan client	<u>8,293,745</u>	8,287,451
— authorised financial institutions	<u>574,217</u>	571,961
— others	<u>8,265</u>	14,769
	<u>22,541,160</u>	<u>19,372,695</u>

4(a) Net other income, gains and losses

	Six months ended	
	30 September	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Net exchange gain	<u>22,686</u>	16,804
Dividend income	<u>159,052</u>	137,223
Rental income	<u>115,836</u>	111,907
Sundry income	<u>45,700</u>	4,000
	<u>343,274</u>	<u>269,934</u>

4(b) Impairment losses under expected credit loss model, net of reversal

	Six months ended	
	30 September	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Impairment loss on loan receivables under expected credit loss model	—	(17,208,270)
Impairment loss on trade receivables under expected credit loss model	<u>(4,563,578)</u>	—
Recovery of trade receivables	<u>5,530,000</u>	—
Recovery of loan receivables	<u>12,664,009</u>	37,000
	<u>13,630,431</u>	<u>(17,171,270)</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, futures and options brokering and trading” and “Placing and underwriting”, “Loan financing”, “Securities advisory service” and “investment holding” 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, futures and options brokering and trading	Provision of securities and futures brokering services and margin financing
Placing and underwriting	Provision of placing and underwriting services
Loan financing	Provision of money lending services
Securities advisory services	Provision of securities advisory services
Investment holdings	Investment income and capital appreciation

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 CODM.

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.

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 2024 (Unaudited)						
	Securities, futures and options brokering and trading HK\$	Placing and underwriting HK\$	Loan financing HK\$	Securities advisory services HK\$	Investment holdings HK\$	Consolidated HK\$
Segment revenues						
— Recognised at a point in time	2,930,424	1,172,738	—	—	—	4,103,162
— Other sources income	10,469,420	—	7,916,312	—	52,266	18,437,998
	<u>13,399,844</u>	<u>1,172,738</u>	<u>7,916,312</u>	<u>—</u>	<u>52,266</u>	<u>22,541,160</u>
Segment results	<u>9,578,737</u>	<u>943,725</u>	<u>19,657,053</u>	<u>(99,383)</u>	<u>(612,660)</u>	<u>29,467,472</u>
Net other income, gains and losses						1,150,645
Unallocated other operating expenses						(2,504,332)
Finance costs						(647,169)
Profit before tax						27,466,616
Income tax expenses						(2,680,567)
Profit for the period						<u>24,786,049</u>

Six months ended 30 September 2023 (Unaudited)						
	Securities, futures and options brokering and trading HK\$	Placing and underwriting HK\$	Loan financing HK\$	Securities advisory services HK\$	Investment holdings HK\$	Consolidated HK\$
Segment revenues						
— Recognised at a point in time	3,454,209	714,320	—	—	—	4,168,529
— Other sources income	6,913,599	—	8,196,230	—	94,337	15,204,166
	<u>10,367,808</u>	<u>714,320</u>	<u>8,196,230</u>	<u>—</u>	<u>94,337</u>	<u>19,372,695</u>
Segment results	<u>5,966,028</u>	<u>494,357</u>	<u>(9,856,582)</u>	<u>(95,456)</u>	<u>(2,826,486)</u>	<u>(6,318,139)</u>
Net other income, gains and losses						132,711
Unallocated other operating expenses						(2,728,204)
Finance costs						(712,912)
Loss before tax						(9,626,544)
Income tax expenses						(1,040,393)
Loss for the period						<u>(10,666,937)</u>

Revenue reported above represents revenue generated from external customers. There was no inter-segment sale during the period (six months ended 30 September 2023: Nil).

Segment assets and liabilities

At 30 September 2024 (Unaudited)						
	Securities, futures and options brokering and trading HK\$	Placing and underwriting HK\$	Loan financing HK\$	Securities advisory services HK\$	Investment holdings HK\$	Consolidated HK\$
Assets						
Segment assets	<u>147,213,117</u>	—	<u>85,284,133</u>	—	<u>11,323,351</u>	<u>243,820,601</u>
Unallocated assets						<u>7,611,770</u>
Total assets						<u><u>251,432,371</u></u>
Liabilities						
Segment liabilities	<u>31,835,833</u>	—	<u>142,286</u>	—	<u>7,712,829</u>	<u>39,690,948</u>
Unallocated liabilities						<u>5,329,805</u>
Total liabilities						<u><u>45,020,753</u></u>

At 30 September 2023 (Unaudited)						
	Securities, futures and options brokering and trading HK\$	Placing and underwriting HK\$	Loan financing HK\$	Securities advisory services HK\$	Investment holdings HK\$	Consolidated HK\$
Assets						
Segment assets	160,513,326	—	75,984,036	—	21,213,209	257,710,571
Unallocated assets						<u>24,911,785</u>
Total assets						<u><u>282,622,356</u></u>
Liabilities						
Segment liabilities	74,347,371	—	220,286	—	6,323,505	80,891,162
Unallocated liabilities						<u>17,995,642</u>
Total liabilities						<u><u>98,886,804</u></u>

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

- all assets are allocated to reportable segments other than other receivables, deposits and prepayments, tax refundable, pledged bank deposit, bank balances and cash — general accounts. Assets used jointly by segments are allocated on the basis of the revenues earned by individual segment; and
- all liabilities are allocated to reportable segments other than part of other payables, accruals, bank borrowings, income tax payables 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 2024 (Unaudited)							
	Securities, futures and options brokering and trading HK\$	Placing and underwriting HK\$	Loan and financing HK\$	Securities advisory services HK\$	Investment holdings HK\$	Unallocated HK\$	Consolidated HK\$
Additions to plant and equipment	<u>20,729</u>	=	=	=	=	=	<u>20,729</u>
Depreciation of plant and equipment	<u>14,179</u>	=	<u>270</u>	=	<u>26,310</u>	=	<u>40,759</u>
Depreciation of right-of-use assets	<u>=</u>	<u>=</u>	<u>=</u>	<u>=</u>	<u>=</u>	<u>1,077,443</u>	<u>1,077,443</u>

Six months ended 30 September 2023 (Unaudited)							
	Securities, futures and options brokering and trading HK\$	Placing and underwriting HK\$	Loan and financing HK\$	Securities advisory services HK\$	Investment holdings HK\$	Unallocated HK\$	Consolidated HK\$
Additions to plant and equipment	7,529	—	—	—	—	—	7,529
Depreciation of plant and equipment	16,077	—	<u>270</u>	—	<u>26,310</u>	—	42,657
Depreciation of right-of-use assets	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,077,443</u>	<u>1,077,443</u>

Geographical information

No separate analysis of segment information by geographical segment is presented for the six months period ended 30 September 2024 and 2023 as the Group's revenue and non-current assets are principally attributable to a single geographical region, which in Hong Kong.

Information on major customer

A major customer of the Group accounted for approximately 12% (2023: 11%) of the total revenue during the six months ended 30 September 2024.

6 Income tax expenses

	Six months ended 30 September	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Hong Kong Profits Tax		
— current period	<u>767,732</u>	621,698
Deferred tax		
— current period	<u>1,912,835</u>	418,695
	<u><u>2,680,567</u></u>	<u><u>1,040,393</u></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 six months ended 30 September 2024 (six months ended 30 September 2023: Nil).

8 Earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit/loss 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.

	Six months ended	
	30 September	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Profit/(loss) for the period attributable to owners	<u><u>24,786,049</u></u>	<u><u>(10,666,937)</u></u>
	Six months ended	
	30 September	
	2024	2023
	No. of shares	No. of shares
Weighted average number of ordinary shares in issue during the period	<u><u>2,200,000,000</u></u>	<u><u>2,200,000,000</u></u>
Weighted average number of ordinary shares and dilutive potential ordinary shares in issue during the period	<u><u>2,200,000,000</u></u>	<u><u>2,200,000,000</u></u>

No adjustment had been made to the basic earnings per share amounts presented for the six months ended 30 September 2024 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 Investment properties

	30 September 2024 (Unaudited) HK\$	31 March 2024 (Audited) HK\$
At the beginning of the period/year	8,641,430	9,157,385
<u>Exchange difference on translation of foreign currency</u>	<u>253,972</u>	<u>(515,955)</u>
	<u>8,895,402</u>	<u>8,641,430</u>

The Group's investment properties are held under medium term leases and are situated in the PRC.

All of the Group's property interests held under operating leases to earn rentals are measured using the fair value model are classified and accounted for as investment properties.

No material fair value change on the investment properties were recognised in profit or loss for the six months ended 30 September 2024. The rental income generated from the investment properties are approximately HK\$115,836 for the six months ended 30 September 2024 (six months ended 30 September 2023: HK\$111,907) respectively.

10 Plant and equipment

During the six months ended 30 September 2024, the Group acquired approximately HK\$20,729 of plant and equipment (six months ended 30 September 2023: approximately HK\$7,529). During the six months ended 30 September 2024, the Group has not disposed items and write-off of plant and equipment (six months ended 30 September 2023: Nil).

11 Trade receivables

	30 September 2024 (Unaudited) HK\$	31 March 2024 (Audited) HK\$
Trade receivables from the business of dealing in securities:		
— Cash clients	<u>8,783,102</u>	<u>5,618,079</u>
— Margin clients	<u>107,395,749</u>	<u>102,166,067</u>
— Clearing houses and brokers	<u>275,019</u>	<u>815,142</u>
Trade receivables from the business of dealing in futures contracts:		
— Clearing houses	<u>1,141,573</u>	<u>672,280</u>
	<u>117,595,443</u>	<u>109,271,568</u>

The settlement terms of trade receivables 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.

Trade receivable from cash clients relate to a wide range of customers for whom there was no recent history of default. These receivables are secured by their portfolios of securities. Cash clients are required to place cash deposits as prescribed in the Group's credit policy before execution of any purchase transactions. Based on past experience and current assessment, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are considered fully recoverable.

Margin clients are required to pledge securities as 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 discounted value of securities accepted by the Group. At 30 September 2024, the total market value of securities pledged as collateral in respect of all margin clients were HK\$373,504,952. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are considered fully recoverable.

The aging analysis of the trade receivables are as follows:

	30 September 2024 (Unaudited) HK\$	31 March 2024 (Audited) HK\$
Margin clients balances:		
No due date	107,395,749	102,166,067
Past due but not impaired	<u> </u>	<u> </u>
	<u>107,395,749</u>	<u>102,166,067</u>
Cash clients balances:		
No due date	8,783,102	5,618,079
Past due but not impaired	<u> </u>	<u> </u>
	<u>8,783,102</u>	<u>5,618,079</u>
Other balances:		
Not yet due (within 30 days)	1,416,592	1,487,422
Past due but not impaired	<u> </u>	<u> </u>
	<u>1,416,592</u>	<u>1,487,422</u>
	<u>117,595,443</u>	<u>109,271,568</u>

Provision of impairment loss on trade receivables:

	30 September 2024 (Unaudited) HK\$	31 March 2024 (Audited) HK\$
Balance at beginning of the period/year	15,984,639	12,324,130
Impairment loss under ECL Model for the period/year	4,563,577	3,852,949
Recovery of the period/year	(5,530,000)	(192,440)
Balance at end of the period/year	15,018,216	15,984,639

To minimise the Group's exposure to credit risk, the management is responsible for the evaluation of the customers' credit ratings, financial background and repayment abilities. Management has set up credit limit for each individual customer, which is subjected to regular review. Any extension of credit beyond the approved limit has to be approved by relevant level of management on an individual basis according to the amount exceeded. The Group has a policy for reviewing impairment of trade receivables which do not have sufficient collateral and those with default or delinquency in interest or principal payment. The assessment is based on an evaluation of the collectability and aging analysis of the accounts and on management's judgement, including current credit-worthiness, collateral's value and past collection history of each customer.

In determining the recoverability of the trade receivables, the Group considers any change in the credit quality of the trade receivables from the date when credit was initially granted up to the reporting date. The credit risk is considered limited due to the customer base being large and unrelated. The Directors believe that HK\$4,563,577 (31 March 2024: HK\$3,852,949) allowance for impairment was reasonable as at 30 September 2024.

12 Loan receivables

	30 September 2024 (Unaudited) HK\$	31 March 2024 (Audited) HK\$
Loan advanced and interest receivables	<u>84,682,920</u>	<u>78,811,682</u>
Analysed as:		
Current	<u>61,123,439</u>	<u>45,823,979</u>
Non-current	<u>23,559,481</u>	<u>32,987,703</u>
	<u>84,682,920</u>	<u>78,811,682</u>

Loan receivables include current and non-current were measured at amortized cost using the effective interest method, less any impairment losses. In accordance with IFRS 9, these loan receivables will continue to be measured at amortized cost because the criteria of the Solely Payments of Principal and Interest test have been met.

Provision of impairment loss on loans receivables:

	30 September 2024 (Unaudited) HK\$	31 March 2024 (Audited) HK\$
Balance at beginning of period/year	<u>79,842,250</u>	<u>52,975,949</u>
Impairment loss under ECL model for the period/ year	<u>—</u>	<u>30,096,209</u>
Recovery of loans receivables for the year	<u>(12,664,009)</u>	<u>(3,229,908)</u>
Balance at end of the period/year	<u>67,178,241</u>	<u>79,842,250</u>

To minimise the Group's exposure to credit risk, the management is responsible for the evaluation of the customers' credit ratings, financial background and repayment abilities. Management has set up credit limit for each individual customer, which is subjected to regular review. Any extension of credit beyond the approved limit has to be approved by relevant level of management on an individual basis according to the amount exceeded. The Group has a policy for reviewing impairment of loan receivables which do not have sufficient collateral and those with default or delinquency in interest or principal payment. The assessment is based on an evaluation of the collectability and aging analysis of the accounts and on management's judgement, including current credit-worthiness, collateral's value and past collection history of each customer.

In determining the recoverability of the loan receivables, the Group considers any change in the credit quality of the loan receivables from the date when credit was initially granted up to the reporting date. The credit risk is considered limited due to the customer base being large and unrelated. The Directors believe that nil (31 March 2024: HK\$30,096,209) allowance for impairment was necessary as at 30 September 2024.

13 Bank balances and cash/pledged bank deposit

The Group maintains segregated trust accounts with licensed banks to hold clients' monies arising from its normal course of business. The Group has classified the clients' monies as cash held on behalf of customers under the current assets section of the consolidated statement of financial position and recognised the corresponding accounts payable to respective clients on the grounds that one is liable for any loss or misappropriation of clients' monies. The Group 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 are 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.

Pledged bank deposit represents deposit pledged to bank to secure bank facilities granted to the Group. Deposits amounting to HK\$5,000,000 (31 March 2024: HK\$5,000,000) have been pledged to secure bank overdrafts and therefore classified as current assets.

14 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 short period for payment.

Included in trade payables to cash clients and margin clients attributable to dealing in securities and futures contracts transaction which described in Note 13 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.

15 Share capital

	<i>Number of shares</i>	<i>HK\$</i>
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Authorised:

At 1 April 2023, 31 March 2024, 1 April 2024 and
30 September 2024, ordinary shares of HK\$0.01
each

<u>5,000,000,000</u>	<u>50,000,000</u>
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	<i>Number of shares</i>	<i>HK\$</i>
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Issued and fully paid:

At 1 April 2023, 31 March 2024, 1 April 2024 and
30 September 2024 ordinary shares of HK\$0.01
each

<u>2,200,000,000</u>	<u>22,000,000</u>
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16 Contingent liabilities

At 30 September 2024, neither the Group nor the Company had any significant contingent liabilities (31 March 2024: Nil).

17 Capital commitment

At 30 September 2024, the Company did not have any significant commitments (31 March 2024: Nil).

18 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 period, 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.

		Six months ended	
		30 September	
		2024	2023
		(Unaudited)	(Unaudited)
		HK\$	HK\$
Commission and brokerage			
income from securities trading:			
— Au Suet Ming Clara	Substantial shareholder		
("Ms. Au") and her associate		4,219	400
— CAAL Capital Limited	Owned by Ms. Au	136,146	271,189
— Au Yik Fei	Associate of Ms. Au	104,707	—
— Au Yuk Kit	Associate of Ms. Au	930	—
— Au Nim Bing	Associate of Ms. Au	—	234
Interest expense on shareholder			
loan			
— Zillion Profit Limited	Ultimate holding		
	company	136,110	115,411

- (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:

		At 30 September 2024 (Unaudited) HK\$	At 31 March 2024 (Audited) HK\$
Trade receivables (payables)			
— Ms. Au	Substantial shareholder	<u>225,949</u>	<u>(393)</u>
— CAAL Capital Company Limited	Wholly-owned by Ms. Au	<u>119,865</u>	<u>71,121</u>
— China Merit International Holdings Limited	Wholly-owned by Ms. Au	<u>1,097,400</u>	<u>779,664</u>
— Au Yik Fei	Associate of Ms. Au	<u>737,713</u>	<u>269,171</u>
— Au Yuk Kit	Associate of Ms. Au	<u>40,609</u>	<u>(493)</u>

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 settlement terms are same as those with third parties. The related parties custodians' cash placed with the Group in its trust account were included in trade payables and would be settled upon request or the related party ceased to trade with the Group.

- (c) The remuneration of Directors of the Company and other members of key management during the period was as follows:

	Six months ended	
	30 September 2024 (Unaudited) HK\$	30 September 2023 (Unaudited) HK\$
Short-term benefits	<u>1,139,148</u>	1,205,418
Post-employment benefits	<u>—</u>	—
Share based payment	<u>—</u>	—
	<u>1,139,148</u>	<u>1,205,418</u>

- (d) Shareholder loan
During the six month ended 30 September 2024, the Group entered into a loan agreement with its substantial shareholder, Zillion Profit Limited, the movement of the shareholder loan is as follows:

	At 30 September 2024 (Unaudited) HK\$	At 31 March 2024 (Audited) HK\$
Balance at the beginning of the period/ year	<u>4,500,000</u>	<u>5,000,000</u>
Loan repaid to the shareholder	<u>—</u>	<u>(500,000)</u>
Balance at the end of the period/year	<u>4,500,000</u>	<u>4,500,000</u>

The loan is unsecured, interest-bearing at 6% per annum and repayable on demand. (31 March 2024: The loan is unsecured, interest-bearing at 5% per annum and repayable on demand.)

19 Comparative figures

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

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

The global economic recovery remains slow, and with the U.S. prime interest rate consistently hovering at high levels, investors continue to adopt a cautious attitude towards investing in the stock market. The Hong Kong IPO market has improved in 2024, benefiting from large China companies raising funds by listing in Hong Kong. The fundraising amount for the first three quarters of 2024 is approximately HKD55.4 billion, representing an increase of about 55.6% compared to the same period last year. As of 30 September 2024, the Hang Seng Index closed at 21,175 points, up approximately 28% from 16,541 points on 31 March 2024.

Business Review

Turnover

The Group's total turnover for the six months ended 30 September 2024 was approximately HK\$22.5 million, as compared with the corresponding period in 2023 of approximately HK\$19.4 million, increased by approximately 16.4% or approximately HK\$3.1 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 dealing on the Stock Exchange decreased by approximately 12.3% from approximately HK\$2.1 million for the six months ended 30 September 2023 to approximately HK\$1.9 million for the six months ended 30 September 2024. The total value of transactions for securities dealing decreased by approximately 19.7% from approximately HK\$37,220.9 million for the six months ended 30 September 2023 to approximately HK\$29,907.6 million for the six months ended 30 September 2024.

The interest income derived from cash and margin securities accounts for the six months ended 30 September 2024 was approximately HK\$9.6 million represents an increase of approximately 51.0% from approximately HK\$6.3 million of the corresponding period in 2023.

Loan and Financing

The Group holds Money Lenders Licence to engage in money lending business for providing loan and financing to customers. During the reporting period, CLC Finance Limited, the Company's wholly subsidiary, provides loan and financing service to customers. The interest income derived from providing loan and finance to customers for the six months ended 30 September 2024 was approximately HK\$8.3 million (For the six months ended 30 September 2023: approximately HK\$8.3 million).

Our money lending business's main target customers are high net worth individuals and corporations. As at 30 September 2024, the total number of borrowers was 24 (31 March 2024: 29). The details of our clients are as below:

Types of clients

	Number of clients	
	At 30 September 2024	At 31 March 2024
Individuals	16	18
Corporations	8	11
	<u>24</u>	<u>29</u>

Our corporate clients were principally engaged in investment holding and service industry and were located in Hong Kong, the British Virgin Islands and the Cayman Islands.

The loans granted were for a term from 2 months to 156 months. The details of the loan repayment are as below:

	At 30 September 2024	At 31 March 2024
Within 12 months	67.8%	68.3%
Within 13–60 months	11.2%	11.0%
Over 60 months	21.0%	20.7%
	<u>100.0%</u>	<u>100.0%</u>

The interest rates charged were in the range of 8% to 24% per annum (31 March 2024: 8% to 24% per annum). Approximately 90.6% of the loan receivables are secured by marketable securities listed in Hong Kong, unlisted securities in Hong Kong, motor vehicles, yacht and first legal charge or second legal charges in respect of properties or land located in Hong Kong (31 March 2024: approximately 90.1%). The largest borrower represented approximately 42.4% (31 March 2024: approximately 36.8%) of our entire loan portfolio and the top 5 borrowers constituted approximately 78.3% (31 March 2024: approximately 68.1%) of the loan portfolio. During the period, there was no impairment loss on loan receivables under expected credit loss model (30 September 2023: approximately HK\$17.2 million) due to delinquency in interest or principal payment. The recoveries of the impairment loss on loan receivables under expected credit loss during the period under review amounting approximately HK\$12.7 million (30 September 2023: nil).

The credit risk assessment of customers we conducted involves obtaining land search, valuation reports from banks on properties and valuation checks on the marketable securities; ascertaining the financial condition of the customers including reviewing income/asset proof of individual customers and financial information of corporate customers; and conducting litigation searches and credit search on customers. The loan terms are determined with reference to factors including customers' requirements; result of credit assessment of customers, including whether regular income of customers are sufficient to cover loan repayment instalments; value of collaterals; past collection history and relevant forward-looking information of each customer.

The Group has adopted the procedures for monitoring loan repayment and recovery, which involve the finance department of the Group performing financial analyses such as comparatives and outstanding loans, and valuation review of pledged assets and reporting to the executive directors at least monthly. With respect to delinquent loans, we will first issue standard demand letters. If no satisfactory response is received, we will instruct solicitors to issue formal legal demand letters. Thereafter, formal legal proceedings may be issued where appropriate.

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 six months ended 30 September 2024 was approximately HK\$1.2 million (For the six months ended 30 September 2023: approximately HK\$0.7 million). Income relating to clearing and settlement fee and handling service slightly decreased by approximately 16.8% from approximately HK\$0.9 million for the six months ended 30 September 2023 to approximately HK\$0.7 million for the six months ended 30 September 2024.

Investment Holdings

The Group maintained a portfolio investments included the holding of listed equity securities and bonds. The Group traded equity securities listed in Hong Kong and overseas. As at 30 September 2024, the total value of the Group investment portfolio was approximately HK\$0.7 million (31 March 2024: approximately HK\$7.5 million). The decrease of the investment portfolio due to the market volatility and the Group disposed part of the listed securities.

During the period under review, the net loss on trading of financial assets at fair value through profit or loss of approximately HK\$0.2 million (For the six months ended 30 September 2023: approximately \$0.9 million) and net loss in fair value of financial assets at fair value through profit or loss of approximately HK\$0.1 million (For the six months ended 30 September 2023: approximately HK\$1.7 million).

Financial review

The Group's revenue for the six months ended 30 September 2024 was approximately HK\$22.5 million, representing an increase of approximately 16.4% from approximately HK\$19.4 million of the corresponding period in 2023.

Administrative expenses for the six months ended 30 September 2024 were approximately HK\$8.1 million (For the six months ended 30 September 2023: approximately HK\$8.7 million) representing a decrease of approximately 7.7%. The decrease of the administrative expenses due to the total value of transaction for securities dealing decreased for the six months ended 30 September 2024, the related expenses such as CCASS charges and the payment of commission were decreased for the six months ended 30 September 2024 compared with the corresponding period in 2023. Staff cost was slightly increased by approximately 3.4% from HK\$3.0 million for the six months ended 30 September 2023 to approximately HK\$3.4 million for the six months ended 30 September 2024.

Net income of other income, gains and losses for six months ended 30 September 2024 were approximately HK\$0.3 million (For the six months ended 30 September 2023: approximately HK\$0.3 million). The increase in other income were mainly attributed to slightly increase in exchange gain and dividend income.

Profit for the period attributable to owners of the Company amounted to approximately HK\$24.8 million for the six months ended 30 September 2024 (For the six months ended 30 September 2023: Loss of approximately HK\$10.7 million. The profit attributable to the owners of the Company was mainly attributed to the reversal of impairment loss of loan receivables and trade receivables under expected credit loss of approximately HK\$12.7 million and HK\$5.5 million respectively (For the six months ended 30 September 2023: approximately HK\$0.1 million and nil). Profit per share attributable to owners of the Company was HK\$1.13 cent for the six months ended 30 September 2024 (Earning per share: HK\$0.48 cent for the six months ended 30 September 2023). Diluted loss per share for the six months ended 30 September 2024 were HK\$1.13 cent (Diluted earning per share: HK\$0.48 cent for the six months ended 30 September 2023).

Liquidity and financial resources and capital structure

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

The Group maintained a financial position, with pledged bank deposit and bank balance and cash in general accounts amounting to approximately HK\$6.0 million at 30 September 2024 (approximately HK\$8.6 million at 31 March 2024). Most of the Group's cash and bank balances in general accounts were denominated in Hong Kong dollars.

At 30 September 2024, the Group had net current assets of approximately HK\$170.9 million (approximately HK\$134.0 million as at 31 March 2024). Current ratio of the Group as at 30 September 2024 was approximately 4.9 times (approximately 3.0 times at 31 March 2024).

At 30 September 2024, the Group had approximately HK\$0.5 million of secured bank loans (31 March 2024: approximately HK\$23.8 million) and approximately HK\$4.5 million of shareholder loan (31 March 2024: approximately HK\$4.5 million).

The gearing ratio is calculated as total indebtedness divided by total capital. Total indebtedness are total bank borrowings and shareholder loan (including current and non-current borrowings). Total capital is calculated as "equity", as shown in the statement of financial position. As at 30 September 2024, the group's gearing ratio is approximately 2.2% (at 31 March 2024: approximately 15.6%).

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 2024, the Group did not have any significant capital commitments (31 March 2024: Nil).

Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2024 (For the six months ended 30 September 2023: Nil).

Staff and remuneration policies

The Group believes that staff is our most valuable asset, they are encouraged to pursue excellence at work and career development. We encourage staff to maintain healthy balance between work and life, and communicate with staff to enhance staff morale and their sense of belonging.

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 and options that may be granted under the share option scheme.

Charge on group assets and Guarantee

As at 30 September 2024, certain bank deposits of the Group's subsidiaries in the aggregate amount of HK\$5.0 million (31 March 2024: HK\$5.0 million) were pledged and corporate guarantee from the Company for securing overdraft and revolving loan facilities amounted to HK\$29 million (31 March 2024: HK\$29.5 million) issued by the banks to the Group. At 30 September 2024, the banking facilities granted by the banks, HK\$0.5 million has been utilised (31 March 2024: HK\$23.8 million).

Contingent liabilities

At 30 September 2024, the Group had no material contingent liabilities (31 March 2024: Nil).

Foreign exchange exposure

The Group's business is principally conducted in Hong Kong dollars, the Directors consider that potential foreign exchange exposure of the Group is limited.

Future plans for material investments or capital assets

At 30 September 2024, 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 United States beginning its interest rate reduction cycle at the end of September 2024, this is favorable for further economic recovery. Additionally, the recent sharp increase in trading volume in the Hong Kong stock market is beneficial for securities firms' commission income. 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 need of our customers.

The Group aims to become a leading financial service group in Hong Kong. The Group will actively review future business opportunities to develop into various financial services in Hong Kong in anticipating to bring in new sources of income and to further increase the profitability of the Group.

RISK MANAGEMENT CREDIT RISK

Credit Risk

Credit risk exposure represents loans to customer, account receivables from brokers, clients and clearing houses which principally arise from our business activities. The Group has a credit policy in place and the credit risk is monitored on on-going basis.

For account receivables from clients, normally clients are required to settle the amount within 2 days (T+2). Responsible officers will regularly review the overdue balance. The credit risk arising from the account receivables from clients is considered as small.

For trade receivables from margin clients, normally the Group obtains securities and/ or cash deposits as collateral for providing margin financing to clients. Receivables from margin clients are repayable on demand. Market conditions and the adequacy of collateral of each margin clients are monitored by responsible officers on a daily basis. Margin calls and forced liquidation are required when necessary.

For trade receivables from brokers and clearing houses, the Group considered that credit risk is low as those brokers and clearing houses are registered with regulatory bodies.

In order to minimise the credit risk of loan receivables, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue loan receivables, if any. In addition, the Group reviews the recoverable amount of each individual loan receivable at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors of the Company consider that the Group's loan receivables credit risk is significantly reduced.

The Group does not provide any guarantees which would expose the Group to credit risk.

Liquidity Risk

The Group is subject to the statutory liquidity requirements as prescribed by the regulators. The Group has a monitoring system to ensure that it maintains adequate liquid capital to fund its business commitments and to comply with the Securities and Futures (Financial Resources) Rules (Cap. 571N).

The Group has maintained stand-by banking facilities to meet any contingency in its operations. The Board believes that the Group's working capital is adequate to meet its long and short term financial obligations.

Foreign Exchange Risk

Certain assets of the Group's business are denominated in foreign currencies which expose the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

SHARE SCHEMES

The Company adopted the Share Option Scheme on 22 February 2011, which was approved by the shareholders' written resolutions, was valid and effective for a period of 10 years. The Share Option Scheme was terminated and the new share option scheme (the "Second Share Option Scheme") was adopted on 4 August 2020. The Second Share Option Scheme was valid and effective for a period of 10 years from the date of adoption. On 8 April 2023, all outstanding share options were lapsed.

On 6 March 2024, in view of the amendments to Chapter 23 of the GEM Listing Rule relating to share schemes which came into effect on 1 January 2023, the Company proposed to adopt the New Share Scheme (the "New Share Scheme") to replace the Second Share Option Scheme in order to conform with the new requirements under the GEM Listing Rules. The New Share Scheme was adopted and the Second Share Option Scheme was terminated on 22 March 2024.

Purpose of the New Share Scheme

The purpose of the New Share Scheme is to enable the Company to grant Options or Awards to the Participants as incentives or rewards for their contributions to the Group. The New Share Scheme give the Participants an opportunity to have a personal stake in the Company and help motivate the Participants to optimise their performance and efficiency and attract and retain or otherwise maintain a long term relationship with the Participants whose contributions are or will be in line with the business objectives of the Group.

Participants of the New Share Scheme

Pursuant to the New Share Scheme, The Board may, at its absolute discretion and on such terms as it may think fit, grant to any Participants Options or Awards as it may determine in accordance with the terms of the New Share Scheme. Eligible Participants include (a) directors and employees of any member of the Group (including persons who are granted Options or Awards under the Scheme as an inducement to enter into employment contracts with any member of the Group); (b) directors and employees of the holding companies, fellow subsidiaries or associated companies of the Company.

Total number of Shares available for issue under the New Share Scheme

The maximum number of Shares which may be issued in respect of all Options or Awards to be granted under the Scheme and any other schemes of the Group shall not in aggregate exceed 220,000,000 Shares, being 10% of the Shares in issue as at the date of adoption of the New Share Scheme.

As at 31 March 2024, the total number of Shares available for issue pursuant to the grant of further options under the Scheme was 220,000,000, representing 10% of the issued share capital of the Company as at 31 March 2024.

No share option or award was granted, exercised, cancelled or lapsed under the New Share Scheme during the year ended 31 March 2024.

Maximum entitlement of each participant

Where any grant of Options or Awards to a Participant would result in the Shares issued and to be issued in respect of all Options or Awards granted to such person (excluding any Options or Awards lapsed in accordance with the terms of the Scheme) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the Shares of the Company in issue (the "Individual Limit"), such grant must be separately approved by Shareholders of the Company in general meeting with such Participant and his/her close associates (or associates if the Participant is a connected person) abstaining from voting.

Grant of Options or Awards and acceptance of offers

An offer for the grant of Options or Awards must be accepted within 21 days inclusive of the day on which such offer was made. The letter of offer shall specify the terms on which the Option or Award is to be granted. To the extent that the offer of the grant of an Option or Award is not accepted within 21 days, it will be deemed to have been irrevocably rejected by the Participant and the offer shall lapse and become null and void.

Option exercise period

An Option may be exercised in whole or in part after the same has become vested and at any time during a period as the Board may determine which shall not exceed ten years from the date of offer of the Options.

Vesting Conditions and Exercise Price

The vesting period in respect of any Option or Award shall be not less than twelve (12) months. The exercise price of an Option granted under the New Share Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the Option, which must be a business day; (ii) the average closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant; and (iii) the nominal value of a Share on the date of offer. The Board may in its absolute discretion determine whether the grantee is required to pay any purchase price for the acquisition of the Shares underlying an Award.

Period of the New Share Scheme

The New Share Scheme will remain in force for a period of ten years commencing from the date of its adoption (i.e. 22 March 2024) and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless terminated earlier pursuant to the terms of the New Share Scheme.

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

At 30 September 2024, 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

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 2024.

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

As at 30 September 2024, 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, at 30 September 2024, 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 2024.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

For the six months ended 30 September 2024, the Directors are not aware of any business or interest of the Directors, the controlling shareholder(s) of the Company and their respective close 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 2024.

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 2024, 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 C.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.

On 6 August 2024, Mr. Wang Rongqian ("Mr. Wang") and Mr. Song Guangyuan ("Mr. Song") retired as independent non-executive Director respectively with effect from the conclusion of the annual general meeting (the "AGM"). Mr. Wang ceased to be the chairman of remuneration committee and members of audit committee and nomination committee of the Company. Mr. Song ceased to be the chairman of nomination committee and member of audit committee.

Following the retirement of Mr. Wang and Mr. Song as independent non-executive Directors and member of each of audit committee, remuneration committee and nomination and corporate governance committee of the Company, the Company fails to meet the following requirements: (i) the requirement under Rule 5.05(1) of the GEM Listing Rules that the board must include at least three independent non-executive directors; (ii) the requirement under Rule 5.28 of the GEM Listing Rules and the terms of reference of the audit committee of the Company that the audit committee must comprise a minimum of three members; (iii) the requirement under Rule 5.34 of the GEM Listing Rules that the remuneration committee chaired by an independent non-executive director and comprising a majority of independent non-executive directors; (iv) the requirement that the remuneration committee shall comprise a minimum of three members pursuant to the terms of reference of the remuneration committee of the Company; (v) the requirement under Rule 5.36A of the GEM Listing Rules that the nomination committee must comprise a majority of independent non-executive directors and (vi) the requirement that the nomination committee shall comprise a minimum of three members under the terms of reference of the nomination committee of the Company.

On 9 August 2024, Ms. Lau Ka Nam ("Ms. Lau") has been appointed as an independent non-executive Director, chairman of nomination committee and member of audit committee of the Company. Following the appointment of Ms. Lau as an independent non-executive Director, chairman of Nomination Committee and member of Audit Committee, the Nomination Committee has three members, thus meet the requirement under Rule 5.36A of the GEM Listing Rules that the Nomination Committee must comprise a majority of independent non-executive Directors and the requirement that the Nomination Committee shall comprise a minimum of three members under the terms of reference of the nomination committee of the Company.

In order to comply with the GEM Listing Rules and the terms of reference of the audit committee and the remuneration committee of the Company, the Board is in the process of identifying suitable candidate(s) to fill the vacancies as soon as practicable and, in any event, within three months from 6 August 2024 in accordance with the GEM Listing Rules.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board reviews the adequacy and effectiveness of the Company's internal financial controls, operational and compliance controls, and risk management policies and systems established by the management of the Company (collectively "risk management and internal controls").

The Board is responsible for the overall internal control framework and is fully aware of the need to put in place a system of risk management and internal controls within the Group to safeguard the interests of the Company's shareholders and the Group's assets, and to manage risks. The Board also acknowledges that no cost effective internal control system will preclude all errors and irregularities. A system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

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 and Ms. Lau Ka Nam. The unaudited condensed consolidated interim results of the Group for the six months ended 30 September 2024 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 November 2024

As at the date of this report, 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 and Ms. Lau Ka Nam.