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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 2013

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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

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

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

FINANCIAL HIGHLIGHT

- Recorded an unaudited turnover of approximately HK\$34.2 million for the nine months ended 31 December 2013, representing a decrease of approximately 4.8% over the same period of the previous year.
- Recorded an unaudited profit attributable to the owners of the Company of approximately HK\$17.1 million for the nine months ended 31 December 2013.
- Basic and diluted earnings per share for the nine months ended 31 December 2013 were HK1.71 cents (2012: basic earnings per share of HK1.54 cents) and HK1.71 cents (2012: HK1.54 cents) respectively.
- The Directors do not recommend the payment of an interim dividend for the nine months ended 31 December 2013.

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 2013 together with comparative unaudited figures for the corresponding period in 2012, as follows:

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

For the three months and nine months ended 31 December 2013

		Three months ended 31 December		Nine months ended 31 December	
		2013	2012	2013	2012
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
	Notes	HK\$	HK\$	HK\$	HK\$
Turnover	3	12,777,528	9,644,394	34,173,335	35,887,769
Net other income	4	2,185,417	1,445,289	4,926,282	62,154
Administrative expenses		(8,074,349)	(5,041,367)	(17,981,209)	(17,413,971)
Finance costs		(60,676)	—	(60,676)	—
Profit before tax		6,827,920	6,048,316	21,057,732	18,535,952
Income tax expenses	5	(1,500,498)	(938,743)	(3,925,305)	(3,189,346)
Profit and total comprehensive income for the period		<u>5,327,422</u>	<u>5,109,573</u>	<u>17,132,427</u>	<u>15,346,606</u>
Profit and total comprehensive income for the period attributable to:					
Owners of the Company		5,326,768	5,101,538	17,126,718	15,362,446
Non-controlling interests		654	8,035	5,709	(15,840)
		<u>5,327,422</u>	<u>5,109,573</u>	<u>17,132,427</u>	<u>15,346,606</u>
Earnings per share					
— Basic	7	<u>0.53 cents</u>	<u>0.51 cents</u>	<u>1.71 cents</u>	<u>1.54 cents</u>
— Diluted	7	<u>0.53 cents</u>	<u>0.51 cents</u>	<u>1.71 cents</u>	<u>1.54 cents</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2013

	Share capital <i>HK\$</i>	Share premium <i>HK\$</i>	Merger reserve <i>HK\$</i>	Share option reserve <i>HK\$</i>	Retained profits <i>HK\$</i>	Attributable to owners of the Company <i>HK\$</i>	Non- controlling interests <i>HK\$</i>	Total <i>HK\$</i>
At 1 April 2013	10,000,000	112,473,021	32,500,000	211,906	33,085,670	188,270,597	(133,961)	188,136,636
Profit and total comprehensive income for the period	—	—	—	—	17,126,718	17,126,718	5,709	17,132,427
Recognition of equity-settle share-based payments	—	—	—	76,286	—	76,286	—	76,286
Dividends	—	—	—	—	(20,000,000)	(20,000,000)	—	(20,000,000)
At 31 December 2013	<u>10,000,000</u>	<u>112,473,021</u>	<u>32,500,000</u>	<u>288,192</u>	<u>30,212,388</u>	<u>185,473,601</u>	<u>(128,252)</u>	<u>185,345,349</u>
At 1 April 2012	10,000,000	112,473,021	32,500,000	298,168	30,232,501	185,503,690	(136,299)	185,367,391
Profit and total comprehensive income for the period	—	—	—	—	15,362,446	15,362,446	(15,840)	15,346,606
Recognition of equity-settle share-based payments	—	—	—	206,424	—	206,424	—	206,424
Dividends	—	—	—	—	(20,000,000)	(20,000,000)	—	(20,000,000)
At 31 December 2012	<u>10,000,000</u>	<u>112,473,021</u>	<u>32,500,000</u>	<u>504,592</u>	<u>25,594,947</u>	<u>181,072,560</u>	<u>(152,139)</u>	<u>180,920,421</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 CORPORATE INFORMATION

The Company is incorporated in the Cayman Islands as an exempted company with limited liability. The Company's shares have been listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is same as the functional currency of the Company.

The principal activities of the Company and its subsidiaries (collectively referred to as the "Group") are engaged in the provision of securities, futures and options broking and trading, placing and underwriting services, wealth management services and securities advisory services.

2 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated results have been prepared in accordance with accounting principles generally accepted in Hong Kong, Hong Kong Accounting Standards and Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the GEM Listing Rules. They have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value.

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 2013 except in relation to the new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are adopted for the first time for the current period's financial statements. The adoption of these new and revised HKFRSs has had no material impact on the unaudited condensed consolidated financial statements. The unaudited condensed consolidated interim results have not been reviewed by the Company's auditors, but have been reviewed by the Company's audit committee.

The Group has not early adopted any new HKFRSs that have been issued but are not yet effective.

3 TURNOVER

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

	Three months ended		Nine months ended	
	31 December		31 December	
	2013	2012	2013	2012
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$	HK\$	HK\$	HK\$
Commission and brokerage fees from securities dealing on The Stock Exchange of Hong Kong Limited	1,411,953	703,243	4,064,069	1,974,042
Commission and brokerage fees on dealing in futures contracts	8,051	67,758	47,329	301,680
Commission from wealth management business	15,905	254,532	355,659	782,249
Commission from securities advisory service	—	2,200,000	—	9,700,000
Placing and underwriting commission	3,774,169	202,910	9,217,144	7,679,240
Clearing and settlement fee	294,015	44,402	939,941	141,733
Handling service and dividend collection fees	115,976	657,481	313,466	908,097
Interest income from				
— authorised financial institutions	23,232	142,241	64,631	585,149
— clients	7,134,195	5,371,817	19,170,991	13,815,559
— others	32	10	105	20
	<u>12,777,528</u>	<u>9,644,394</u>	<u>34,173,335</u>	<u>35,887,769</u>

4 NET OTHER INCOME

	Three months ended 31 December		Nine months ended 31 December	
	2013	2012	2013	2012
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$	HK\$	HK\$	HK\$
Gain on trading of financial assets at fair value through profit or loss	1,081,999	511,235	3,296,301	521,275
Dividends income	—	1,480	955	5,480
Net change in fair value of financial assets at fair value through profit or loss	1,103,058	562,574	1,480,542	(1,643,001)
Other income	360	370,000	148,484	1,178,400
	<u>2,185,417</u>	<u>1,445,289</u>	<u>4,926,282</u>	<u>62,154</u>

5 INCOME TAX EXPENSES

	Three months ended 31 December		Nine months ended 31 December	
	2013	2012	2013	2012
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$	HK\$	HK\$	HK\$
Hong Kong Profits Tax — current period	1,514,503	966,793	3,954,559	3,264,859
Deferred tax credit — current period	(14,005)	(28,050)	(29,254)	(75,513)
	<u>1,500,498</u>	<u>938,743</u>	<u>3,925,305</u>	<u>3,189,346</u>

Hong Kong Profits Tax is calculated at 16.5% (2012: 16.5%) of the estimate assessable profits arising in Hong Kong for the three months and nine months ended 31 December 2013 and 2012.

6 DIVIDEND

A final dividend of HK\$0.02 per share, totalling HK\$20,000,000 for the year ended 31 March 2013 was declared on 1 August 2013 and paid on 14 August 2013. The Board does not recommend the payment of an interim dividend for the nine months ended 31 December 2013 (2012: Nil).

7 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the period attributable to owners of the Company and the weighted average number of the Company's ordinary shares in issue during the period.

	<i>Note</i>	Three months ended 31 December		Nine months ended 31 December	
		2013	2012	2013	2012
		<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Profit for the period attributable to owners of the Company		<u>5,326,768</u>	<u>5,101,538</u>	<u>17,126,718</u>	<u>15,362,446</u>
		Three months ended 31 December		Nine months ended 31 December	
		2013	2012	2013	2012
		<i>No. of shares</i>	<i>No. of shares</i>	<i>No. of shares</i>	<i>No. of shares</i>
Weighted average number of ordinary shares in issue during the period		<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>1,000,000,000</u>
Weighted average number of ordinary shares and dilutive potential ordinary shares in issue during the period	(a)	<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>1,000,000,000</u>

Note:

- (a) No adjustment had been made to the basic earnings per share amounts presented for the three months and nine months ended 31 December 2013 and 2012 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

During the reporting period, as impacted by the external environment such as PRC economic reform and intention of the United States to reduce debt purchasing, the stock market remained volatile. In addition, the threat of interest rate increment had strong influence over the various investment instruments, thereby adding uncertainty to the financial market. Despite the weak investor confidence in the global economy, the outlook for the global recovery has become more affirmative.

As at 31 December 2013, the Hang Seng Index closed at 23,306 representing approximately 4.5% increase as compared with 22,299 as at 28 March 2013.

Business review

Securities and Futures Brokerage

The commission and brokerage fee from securities dealings increased by approximately 105.9% from approximately HK\$2.0 million for the nine months ended 31 December 2012 to approximately HK\$4.1 million for the nine months ended 31 December 2013. The total value of transaction increased by approximately 1,048.7% from approximately HK\$3,940.0 million for the nine months ended 31 December 2012 to approximately HK\$45,258.9 million for the nine months ended 31 December 2013. As a result, income relating to clearing and settlement fee also increased by approximately 563.2% from approximately HK\$141,733 for the nine months ended 31 December 2012 to approximately HK\$939,941 for the nine months ended 31 December 2013.

The commission and brokerage fee from dealings in futures contracts decreased by approximately 84.3% from HK\$301,680 for the nine months ended 31 December 2012 to HK\$47,329 for the nine months ended 31 December 2013.

The commission from wealth management business decreased by approximately 54.5% from HK\$782,249 for the nine months ended 31 December 2012 to HK\$355,659 for the nine months ended 31 December 2013.

Loan and Financing

Revenue from loan and financing represent interest income from margin financing, IPO financing and loans and advances to customers.

The interest income, excluding the interest from authorised financial institutions, increased by approximately 38.8% from approximately HK\$13.8 million for the nine months ended 31 December 2012 to approximately HK\$19.2 million for the nine months ended 31 December 2013.

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 this regulated activities. During the reporting period, no commission income from securities advisory services was recognised for the nine months ended 31 December 2013 (approximately HK\$9.7 million for the nine months ended 31 December 2012).

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 20.0% from approximately HK\$7.7 million for the nine months ended 31 December 2012 to approximately HK\$9.2 million for the nine months ended 31 December 2013.

Financial review

The Group's revenue for the nine months ended 31 December 2013 was approximately HK\$34.2 million, representing a decrease of approximately 4.8% from approximately HK\$35.9 million of the corresponding period in 2012.

The Group traded equity securities listed in Hong Kong and Canada. During the nine months ended 31 December 2013, the Group generated realised gain and unrealised gain of approximately HK\$3.3 million and approximately HK\$1.5 million respectively on trading of equity securities listed in Hong Kong and Canada.

Administrative expenses for the nine months ended 31 December 2013 were approximately HK\$18.0 million (approximately HK\$17.4 million for the nine months ended 31 December 2012), representing an increase of approximately 3.3%.

On 9 January 2014, the Securities and Futures Commission (SFC) has resolved its compliance concerns with Cheong Lee Securities Limited ("Cheong Lee"), a wholly owned subsidiary of the Company. Under the resolution, the SFC reprimands and fines Cheong Lee HK\$2 million for internal control failures relating to self-matching transactions in breach of the SFC's Code of Conduct. The amount has been accrued in current reporting period.

Staff cost excluding the effects of fair value provision for pre-IPO share options for the nine months ended 31 December 2013 were approximately HK\$5.1 million (approximately HK\$5.4 million for the nine months ended 31 December 2012), representing a decrease of approximately 4.6%.

Profit attributable to the owners of the Company amounted to approximately HK\$17.1 million for the nine months ended 31 December 2013 (approximately HK\$15.4 million for the nine months ended 31 December 2012). Earnings per share was approximately HK1.71 cents for the nine months ended 31 December 2013 (approximately HK1.54 cents for the nine months ended 31 December 2012).

Outlook

Over the past year, Hong Kong financial market was volatile. With the threats from US and Europe financial tensions as well as the concern on the sustainability of China's economic growth, investors are looking forward a stronger and vital signal of recovery. Under the volatile financial environment, the Board believes that the Group's business will sustain well despite the unstable economic conditions. The Group will continue to grow its brokerage business and placing and underwriting business by broadening clients base and by strengthening its trading platform. The Group will continue to put efforts on expanding the margin and loan financing business and securities advisory services and on satisfying the needs of clients.

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.

SHARE OPTIONS SCHEMES

The Company has two share option schemes namely, the pre-IPO share option scheme (the “Pre-IPO Share Option Scheme”) and the share option scheme (the “Share Option Scheme”) which were adopted on 22 February 2011.

Pre-IPO Share Option Scheme

The Company has adopted the Pre-IPO Share Option Scheme on 22 February 2011 under which the Company has conditionally granted options to certain Directors, senior management and employees of the Group to purchase shares of the Company with an exercise price equal to the offer price as defined in the prospectus of the Company dated 28 February 2011.

The total number of shares in respect of which share options granted under the Pre-IPO Share Option Scheme as at 31 December 2013 was 1,700,000 which represented approximately 0.17% of the issued share capital of the Company as at 31 December 2013.

As at 31 December 2013, details of the share options granted under the Pre-IPO Share Option Scheme are as follows:

Grantees	Date of Grant (Note 1) (dd/mm/yyyy)	Exercise price per share HK\$	Exercisable period (Note 2) (dd/mm/yyyy)	Number of underlying shares	Approximate percentage of shareholding (%)
(i) Yu Linda, Executive Director	25/02/2011	0.485	08/03/2013– 07/03/2014	1,000,000	0.10%
(ii) Lau Kin Hon, Executive Director	25/02/2011	0.485	08/03/2013– 07/03/2014	500,000	0.05%
			Sub-total	1,500,000	0.15%
(iii) Employees	25/02/2011	0.485	08/03/2013– 07/03/2014	200,000	0.02%
			Total	1,700,000	0.17%

Notes:

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

Share Option Scheme

The Company adopted the Share Option Scheme on 22 February 2011, which was approved by the shareholders' written resolutions, is valid and effective for a period of 10 years. It is a share incentive scheme and is established to recognize and acknowledge the contribution that the eligible participants have or may have made to the Group. Pursuant to the Share Option Scheme, the Board may, at its discretion, offer to grant an option to any Director, employee, advisor, consultant, distributor, contractor, supplier, customer, agent, business partner, service provider of any member of the Group.

The total number of shares in respect of which share options may be granted under the Share Option Scheme is not permitted to exceed 100,000,000 shares, representing 10% of the total number of issued shares of the Company as at 31 December 2013.

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

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

As at 31 December 2013 and up to the date of approval of these financial statements, no share options have been granted under the Share Option Scheme.

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

As at 31 December 2013, 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 2013, there were a total of 1,500,000 outstanding share options of the Company granted to the Directors, details of which are summarised in the following table:

Director	Date of grant (dd/mm/yyyy)	Options to Subscribe for Shares of the Company				Outstanding as at 30 September 2013	Option exercise period (dd/mm/yyyy)	Exercise price per share	Approximate percentage of shareholding
		Outstanding as at 1 April 2013	Granted during the period	Exercised during the period	Lapsed during the period				
Yu Linda	25/2/2011	1,000,000	—	—	—	1,000,000	08/03/2013 to 07/03/2014	HK\$0.4850	0.10%
Lau Kin Hon	25/2/2011	500,000	—	—	—	500,000	08/03/2013 to 07/03/2014	HK\$0.4850	0.05%
Total		<u>1,500,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,500,000</u>			<u>0.15%</u>

Note:

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

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

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

Save as disclosed above, none of the Directors or the Chief Executives of the Company had any interest or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations at 31 December 2013.

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

As at 31 December 2013, according to the register of interests kept by the Company under Section 336 of the SFO, the following parties (in addition to those disclosed above in respect of the Directors and Chief Executives of the Company) had interests or short positions in the shares or underlying shares of the Company which were required to be recorded in the register and/or were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group:

Long position in shares of the Company

Name of shareholder	Number of shares	Approximate percentage holding
Zillion Profit Limited	750,000,000	75%
Ms. Au Suet Ming Clarea (<i>note i</i>)	750,000,000	75%

Note:

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

Save as disclosed above, as at 31 December 2013, 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 2013.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

For the nine months ended 31 December 2013, 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 2013.

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 2013, the Company has complied with all the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules.

AUDIT COMMITTEE

The Company set up an audit committee (the "Committee") with written terms of reference in compliance with the GEM Listing Rules, for the purpose of reviewing and providing supervision over the financial reporting process and internal control of the Group. The Committee comprises three independent non-executive directors of the Company, namely Ms. Choy Wing Man, Mr. Chiu Wai Keung and Mr. Au-Yeung Tai Hong Rorce. The unaudited condensed consolidated interim results of the Group for the nine months ended 31 December 2013 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, 7 February 2014

As at the date of this announcement, the Company's non-executive Director is Mr. Alexis Ventouras (Chairman), 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. Au-Yeung Tai Hong Rorce, Mr. Chiu Wai Keung and Ms. Choy Wing Man.

This announcement will remain on the "Latest Company Announcements" page of the Stock Exchange website at www.hkexnews.hk for at least 7 days from the date of its posting. This announcement will also be posted on the Company's website at www.cheonglesec.com.hk.