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CL GROUP (HOLDINGS) LIMITED

昌利（控股）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8098)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30 JUNE 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\$9.9 million for the three months ended 30 June 2013, representing a decrease of approximately 23.8% over the same period of the previous year.
- Recorded an unaudited profit attributable to the owners of the Company of approximately HK\$6.3 million (2012: approximately HK\$5.9 million) for the three months ended 30 June 2013.
- Basic and diluted earnings per share for the three months ended 30 June 2013 were HK0.63 cents (2012: basic earnings per share HK0.59 cents) and HK0.63 cents (2012: diluted earnings per share of HK0.59 cents) respectively.
- The Board does not recommend the payment of interim dividend for the three months ended 30 June 2013 (2012: HK\$Nil).

The board of Directors (the “Board”) is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the three months ended 30 June 2013 together with comparative unaudited figures for the corresponding period in 2012, as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 30 June 2013

		Three months ended 30 June	
		2013	2012
		(Unaudited)	(Unaudited)
	Notes	HK\$	HK\$
Turnover	3	9,933,262	13,002,488
Net other income (loss)	4	2,030,714	(832,999)
Administrative expenses		(4,411,293)	(4,972,922)
		<u>7,552,683</u>	<u>7,196,567</u>
Profit before tax		7,552,683	7,196,567
Income tax expenses	5	(1,289,015)	(1,297,247)
		<u>6,263,668</u>	<u>5,899,320</u>
Profit and total comprehensive income for the period		6,263,668	5,899,320
Profit (loss) and total comprehensive income (expenses) for the period attributable to:			
Owners of the Company		6,256,618	5,912,582
Non-controlling interests		7,050	(13,262)
		<u>6,263,668</u>	<u>5,899,320</u>
Earnings per share attributable to owners of the Company			
— Basic	7	0.63 cents	0.59 cents
— Diluted	7	0.63 cents	0.59 cents

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2013

	Attributable to owners of the Company						Non-controlling interest	Total
	Share capital	Share premium	Merger reserve	Share option reserve	Retained profits	Total		
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
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	—	—	—	—	6,256,618	6,256,618	7,050	6,263,668
Recognition of equity-settled share-based payments	—	—	—	25,429	—	25,429	—	25,429
At 30 June 2013	<u>10,000,000</u>	<u>112,473,021</u>	<u>32,500,000</u>	<u>237,335</u>	<u>39,342,288</u>	<u>194,552,644</u>	<u>(126,911)</u>	<u>194,425,733</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 (loss) and total comprehensive income (expenses) for the period	—	—	—	—	5,912,582	5,912,582	(13,262)	5,899,320
Recognition of equity-settled share-based payments	—	—	—	68,808	—	68,808	—	68,808
At 30 June 2012	<u>10,000,000</u>	<u>112,473,021</u>	<u>32,500,000</u>	<u>366,976</u>	<u>36,145,083</u>	<u>191,485,080</u>	<u>(149,561)</u>	<u>191,335,519</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") since 8 March 2011 (the "Listing Date").

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, wealth management services and securities advisory service.

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 quarterly results have not been reviewed by the Company's auditors, but have been reviewed by the Company's audit committee.

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

3 TURNOVER

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

	Three months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Commission and brokerage fees from securities dealing on The Stock Exchange of Hong Kong Limited	1,375,345	597,309
Commission and brokerage fees on dealing in futures contracts	28,042	86,832
Commission from wealth management business	197,847	258,727
Commission from securities advisory service	—	7,500,000
Placing and underwriting commission	1,905,414	399,820
Clearing and settlement fee	274,124	49,945
Handling service and dividend collection fees	151,802	87,726
Interest income from		
— authorised financial institutions	18,165	198,324
— clients	5,982,473	3,823,804
— others	50	1
	9,933,262	13,002,488

4 NET OTHER INCOME (LOSS)

	Three months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Gain on trading of financial assets at fair value through profit or loss	1,846,906	10,040
Dividends income	—	4,000
Net change in fair value of financial assets at fair value through profit or loss	153,687	(1,210,039)
Other income	30,121	363,000
	<u>2,030,714</u>	<u>(832,999)</u>

5 INCOME TAX EXPENSES

	Three months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Hong Kong Profits Tax		
— current period	1,300,765	1,323,484
Deferred tax		
— current period	(11,750)	(26,237)
	<u>1,289,015</u>	<u>1,297,247</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 ended 30 June 2013 and 2012.

6 DIVIDEND

The Board does not recommend the payment of interim dividend for the three months ended 30 June 2013 (2012: HK\$Nil).

7 EARNINGS PER SHARE

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

	<i>Note</i>	Three months ended 30 June	
		2013	2012
		HK\$	HK\$
		(Unaudited)	(Unaudited)
Profit for the period attributable to owners of the Company		<u>6,256,618</u>	<u>5,912,582</u>
		Three months ended 30 June	
		2013	2012
		No. of shares	No. of shares
Weighted average number of ordinary shares in issue during the period		<u>1,000,000,000</u>	<u>1,000,000,000</u>
Weighted average number of ordinary shares and dilutive potential ordinary share in issue during the period	(a)	<u>1,000,000,000</u>	<u>1,000,000,000</u>

Note:

- (a) The diluted earnings per share is not presented because there were no potential dilutive effects during the period ended 30 June 2013 and 2012.

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 will remains volatile. In addition, the threat of interest rate increment will have 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 becoming more affirmative.

As at 28 June 2013, the Hang Seng Index recorded as 20,803 representing approximately 6.7% decrease as compared with 22,299 as at 28 March 2013.

Business review

Securities and Futures Brokerage

The commission and brokerage fees on securities dealing increased by approximately 130.3% from approximately HK\$0.6 million for the three months ended 30 June 2012 to approximately HK\$1.4 million for the three months ended 30 June 2013. The total value of transactions for securities dealing increased by approximately 820.9% from approximately HK\$1,445.3 million for the three months ended 30 June 2012 to approximately HK\$13,309.7 million for the three months ended 30 June 2013.

The total value of transactions for securities dealing carried out by the Group for the three months ended 30 June 2013 increased as compared with 2012. As a result, income relating to clearing and settlement fee and handling service also increased by approximately 122.2% from HK\$137,671 for the three months ended 30 June 2012 to HK\$305,926 for the three months ended 30 June 2013.

The commission and brokerage fees on dealing in futures contracts decreased by approximately 67.7% from HK\$86,832 for the three months ended 30 June 2012 to HK\$28,042 for the three months ended 30 June 2013.

The commission from wealth management business decreased by approximately 23.5% from HK\$258,727 for the three months ended 30 June 2012 to HK\$197,847 for the three months ended 30 June 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 56.5% from approximately HK\$3.8 million for the three months ended 30 June 2012 to approximately HK\$6.0 million for the three months ended 30 June 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 three months ended 30 June 2013 (approximately HK\$7.5 million for the three months ended 30 June 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.

During the three months ended 30 June 2013, the placing and underwriting commission increased by approximately 376.6% from approximately HK\$0.4 million for the three months ended 30 June 2012 to approximately HK\$1.9 million for the three months ended 30 June 2013 due to increase in fund raising activities in Hong Kong.

Financial review

The Group's revenue for the three months ended 30 June 2013 was approximately HK\$9.9 million, representing a decrease of approximately 23.8% from approximately HK\$13.0 million of the corresponding period in 2012.

The Group traded equity securities listed in Hong Kong and Canada. During the three months ended 30 June 2013, the Group generated realised gain and unrealised gain of approximately HK\$1.8 million and approximately HK\$0.2 million respectively on trading of equity securities listed in Hong Kong and Canada.

Administrative expenses for the three months ended 30 June 2013 were approximately HK\$4.4 million (approximately HK\$5.0 million for the three months ended 30 June 2012), representing a decrease of approximately 11.3%.

Staff cost excluding the effects of fair value provision for pre-IPO share options increased by approximately 4.7% from approximately HK\$1.5 million for the three months ended 30 June 2012 to approximately HK\$1.6 million for the three months ended 30 June 2013.

Profit attributable to the owners of the Company amounted to approximately HK\$6.3 million for the three months ended 30 June 2013 (approximately HK\$5.9 million for the three months ended 30 June 2012). Earnings per share attributable to owners of the Company was approximately HK0.63 cents for the three months ended 30 June 2013 (approximately HK0.59 cents for the three months ended 30 June 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 both 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 (the “Shares”) 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 30 June 2013 was 1,700,000 which represented approximately 0.17% of the issued share capital of the Company as at 30 June 2013.

As at 30 June 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 recognise 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 Directors, employees, advisers, consultants, distributors, contractors, suppliers, customers, agents, business partners and service providers of any member of the Group.

The total number of shares in respect of which share options may be granted under the Share Option Scheme is not permitted to exceed 100,000,000 shares, representing 10% of the total number of issued shares of the Company as at 30 June 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 in respect of any particular option granted under the Share Option Scheme shall not be less than the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of grant; or (iii) the nominal value of a Share.

As at 30 June 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 30 June 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 30 June 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 June 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	25/02/2011	1,000,000	—	—	—	1,000,000	08/03/2013 to 07/03/2014	HK\$0.485	0.10%
Lau Kin Hon	25/02/2011	500,000	—	—	—	500,000	08/03/2013 to 07/03/2014	HK\$0.485	0.05%
Total		1,500,000	—	—	—	1,500,000			0.15%

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 Shares 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 Shares, if any, under the options granted to him at any time during the period on or after the date falling on the date of the second anniversary of the Listing Date to the date immediately before the third anniversary of the Listing Date.

Save as disclosed above, none of the Directors or the Chief Executives of the Company had any interest or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations at 30 June 2013.

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

As at 30 June 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 30 June 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 three months ended 30 June 2013.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

For the three months ended 30 June 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.

AUDIT COMMITTEE

The Company has set up an audit committee (the "Committee") with written terms of reference in compliance with the GEM Listing Rules, for the purpose of reviewing and providing supervision over the financial reporting process and internal control of the Group. The Committee comprises three independent non-executive directors of the Company, namely Mr. Au-Yeung Tai Hong Rorce, Ms. Choy Wing Man and Mr. Chiu Wai Keung. The unaudited condensed consolidated results of the Group for the three months ended 30 June 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, 8 August 2013

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.cheongleesec.com.hk