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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)**

## **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012**

### **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\$26.2 million for the six months ended 30 September 2012, representing an increase of approximately 25.2% over the same period of the previous year.
- Recorded an unaudited profit attributable to the owners of the Company of approximately HK\$10.3 million for the six months ended 30 September 2012.
- Basic and diluted earnings per share for the six months ended 30 September 2012 were HK1.03 cents (2011: basic earnings per share of HK0.57 cents) and HK1.03 cents (2010: HK0.57 cents) respectively.
- The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2012.

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 six months ended 30 September 2012 together with comparative unaudited figures for the corresponding period in 2011, as follows:

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the three months and six months ended 30 September 2012*

		Three months ended 30 September		Six months ended 30 September	
		2012	2011	2012	2011
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
	Notes	HK\$	HK\$	HK\$	HK\$
<b>Turnover</b>	3	<b>13,240,887</b>	7,564,989	<b>26,243,375</b>	20,968,436
Net other loss	4	<b>(550,136)</b>	(1,069,059)	<b>(1,383,135)</b>	(2,357,160)
Administrative expenses		<b>(7,399,682)</b>	(5,549,478)	<b>(12,372,604)</b>	(11,528,884)
Finance costs		—	(13)	—	(13)
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Profit before taxation		<b>5,291,069</b>	946,439	<b>12,487,636</b>	7,082,379
Income tax expenses	6	<b>(953,356)</b>	(214,296)	<b>(2,250,603)</b>	(1,410,803)
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Profit and total comprehensive income for the period		<u><b>4,337,713</b></u>	<u>732,143</u>	<u><b>10,237,033</b></u>	<u>5,671,576</u>
<b>Profit and total comprehensive income for the period attributable to:</b>					
Owners of the Company		<b>4,348,326</b>	732,143	<b>10,260,908</b>	5,671,576
Non-controlling interests		<b>(10,613)</b>	—	<b>(23,875)</b>	—
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
		<u><b>4,337,713</b></u>	<u>732,143</u>	<u><b>10,237,033</b></u>	<u>5,671,576</u>
<b>Dividend</b>	7	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Earnings per share</b>					
— Basic	8	<u><b>0.43 cents</b></u>	<u>0.07 cents</u>	<u><b>1.03 cents</b></u>	<u>0.57 cents</u>
— Diluted	8	<u><b>0.43 cents</b></u>	<u>0.07 cents</u>	<u><b>1.03 cents</b></u>	<u>0.57 cents</u>

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2012

		30 September 2012 (Unaudited) HK\$	31 March 2012 (Audited) HK\$
	Notes		
<b>Non-current assets</b>			
Plant and equipment	9	1,614,748	1,975,367
Intangible assets		104,670	139,560
Other assets		1,705,000	1,731,119
Goodwill		531,658	531,658
		<u>3,956,076</u>	<u>4,377,704</u>
<b>Current assets</b>			
Trade receivables	10	100,010,197	103,813,126
Loan receivables	11	31,710,681	13,023,226
Other receivables, deposits and prepayments		1,785,113	2,655,546
Financial assets at fair value through profit or loss		8,347,997	11,082,125
Tax refundable		581,586	928,610
Pledged bank deposit	12	5,000,000	5,000,000
Bank balances and cash – trust accounts	12	37,676,362	17,489,491
Bank balances and cash – general accounts	12	28,981,401	48,023,254
		<u>214,093,337</u>	<u>202,015,378</u>
<b>Current liabilities</b>			
Trade payables	13	41,135,503	17,909,963
Other payables and accruals		1,115,326	3,011,721
		<u>42,250,829</u>	<u>20,921,684</u>
<b>Net current assets</b>		<u>171,842,508</u>	<u>181,093,694</u>
<b>Total assets less current liabilities</b>		<u>175,798,584</u>	<u>185,471,398</u>
<b>Non-current liability</b>			
Deferred tax liabilities		56,544	104,007
<b>Net assets</b>		<u>175,742,040</u>	<u>185,367,391</u>
<b>Capital and reserves</b>			
Share capital	14	10,000,000	10,000,000
Reserves		165,742,040	175,367,391
		<u>175,742,040</u>	<u>185,367,391</u>

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2012

	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 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	—	—	—	—	10,260,908	10,260,908	(23,875)	10,237,033
Recognition of equity-settle share-based payments	—	—	—	137,616	—	137,616	—	137,616
Dividends	—	—	—	—	(20,000,000)	(20,000,000)	—	(20,000,000)
At 30 September 2012	<u>10,000,000</u>	<u>112,473,021</u>	<u>32,500,000</u>	<u>435,784</u>	<u>20,493,409</u>	<u>175,902,214</u>	<u>(160,174)</u>	<u>175,742,040</u>
At 1 April 2011	10,000,000	112,473,021	32,500,000	31,412	27,483,288	182,487,721	—	182,487,721
Profit and total comprehensive income for the period	—	—	—	—	5,671,576	5,671,576	—	5,671,576
Recognition of equity-settle share-based payments	—	—	—	188,472	—	188,472	—	188,472
Dividends	—	—	—	—	(20,000,000)	(20,000,000)	—	(20,000,000)
At 30 September 2011	<u>10,000,000</u>	<u>112,473,021</u>	<u>32,500,000</u>	<u>219,884</u>	<u>13,154,864</u>	<u>168,347,769</u>	<u>—</u>	<u>168,347,769</u>

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2012

	Six months ended	
	30 September	
	2012	2011
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Net cash used in operating activities	(8,416,497)	(63,164,325)
Net cash generated from investing activities	9,374,644	5,769,938
Net cash used in financing activities	(20,000,000)	(20,000,013)
Net decrease in cash and cash equivalents	(19,041,853)	(77,394,400)
Cash and cash equivalents at beginning of period	48,023,254	156,247,333
Cash and cash equivalents at end of period	28,981,401	78,852,933
Analysis of the balance of cash and cash equivalents		
Bank balances and cash	28,981,401	78,852,933

# 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 2012 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 30 September		Six months ended 30 September	
	2012	2011	2012	2011
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$	HK\$	HK\$	HK\$
Commission and brokerage fees from securities dealing on The Stock Exchange of Hong Kong Limited	673,490	1,196,523	1,270,799	4,776,224
Commission and brokerage fees on dealing in futures contracts	147,090	377,332	233,922	786,609
Commission from wealth management business	268,990	—	527,717	—
Commission from securities advisory service	—	—	7,500,000	—
Placing and underwriting commission	7,076,510	2,645,804	7,476,330	9,288,147
Clearing and settlement fee	47,386	114,096	97,331	452,942
Handling service and dividend collection fees	162,890	68,990	250,616	308,699
Interest income from				
— authorised financial institutions	244,584	291,574	442,908	391,678
— clients	4,619,938	2,870,650	8,443,742	4,964,081
— others	9	20	10	56
	<u>13,240,887</u>	<u>7,564,989</u>	<u>26,243,375</u>	<u>20,968,436</u>

### 4 NET OTHER LOSS

	Three months ended 30 September		Six months ended 30 September	
	2012	2011	2012	2011
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$	HK\$	HK\$	HK\$
(Loss) gain on trading of financial assets at fair value through profit or loss	—	(2,119,334)	10,040	(2,051,931)
Dividends income	—	—	4,000	—
Net change in fair value of financial assets at fair value through profit or loss	(995,536)	587,415	(2,205,575)	(1,888,089)
Other income	445,400	462,860	808,400	1,582,860
	<u>(550,136)</u>	<u>(1,069,059)</u>	<u>(1,383,135)</u>	<u>(2,357,160)</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 and futures broking” and “Placing and underwriting”, 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 and futures broking	Provision of securities and futures and other wealth management products broking services
Placing and underwriting	Provision of placing and underwriting services
Loan and financing	Provision of margin financing and money lending services
Securities advisory service	Provision of securities advisory services

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 the executive directors of the Company being the CODM of the Group.

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.

All of the activities of the Group are based in Hong Kong and all of the Group’s revenue is derived from Hong Kong. Accordingly, no analysis by geographical segments is presented.

### 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 2012 (unaudited)				
	Securities and futures broking HK\$	Placing and underwriting HK\$	Loan and financing HK\$	Securities advisory service HK\$	Consolidated HK\$
Segment revenue	<u>2,268,992</u>	<u>7,476,330</u>	<u>8,555,145</u>	<u>7,500,000</u>	<u>25,800,467</u>
Segment results	<u>49,817</u>	<u>4,460,008</u>	<u>7,931,020</u>	<u>6,782,529</u>	19,223,374
Loss from investmnsents					(2,195,535)
Other interest income					442,908
Other income					812,400
Unallocated other operating expenses					(5,795,511)
Finance costs					—
Profit before taxation					12,487,636
Income tax expenses					(2,250,603)
Profit for the period					10,237,033

Six months ended 30 September 2011 (unaudited)					
	Securities and futures broking <i>HK\$</i>	Placing and underwriting <i>HK\$</i>	Loan and financing <i>HK\$</i>	Securities advisory service <i>HK\$</i>	Consolidated <i>HK\$</i>
Segment revenue	<u>8,026,818</u>	<u>9,288,147</u>	<u>3,261,737</u>	<u>—</u>	<u>20,576,702</u>
Segment results	<u>3,802,807</u>	<u>7,535,667</u>	<u>3,243,016</u>	<u>—</u>	<u>14,581,490</u>
Loss from investments					(3,940,019)
Other interest income					391,734
Other income					1,582,860
Unallocated other operating expenses					(5,533,673)
Finance cost					<u>(13)</u>
Profit before taxation					7,082,379
Income tax expenses					<u>(1,410,803)</u>
Profit for the period					<u>5,671,576</u>

Revenue reported above represents revenue generated from external customers. There was no inter-segment sale during the period (2011: HK\$Nil).

*Segment assets and liabilities*

As at 30 September 2012 (Unaudited)					
	Securities and futures broking <i>HK\$</i>	Placing and underwriting <i>HK\$</i>	Loan and financing <i>HK\$</i>	Securities advisory service <i>HK\$</i>	Consolidated <i>HK\$</i>
<b>Assets</b>					
Segment assets	<b>54,308,959</b>	<b>—</b>	<b>104,153,537</b>	<b>15,350,000</b>	<b>173,812,496</b>
Unallocated assets					<b>44,236,917</b>
Total assets					<u><b>218,049,413</b></u>
<b>Liabilities</b>					
Segment liabilities	<b>25,612,058</b>	<b>160,566</b>	<b>16,325,909</b>	<b>—</b>	<b>42,098,533</b>
Unallocated liabilities					<b>208,840</b>
Total liabilities					<u><b>42,307,373</b></u>

As at 30 March 2012 (Audited)					
	Securities and futures broking <i>HK\$</i>	Placing and underwriting <i>HK\$</i>	Loan and financing <i>HK\$</i>	Securities advisory service <i>HK\$</i>	Consolidated <i>HK\$</i>
<b>Assets</b>					
Segment assets	23,539,222	12,800	109,120,956	10,650,000	143,322,978
Unallocated assets					63,070,104
Total assets					<u>206,393,082</u>
<b>Liabilities</b>					
Segment liabilities	18,508,575	31,200	—	754,786	19,294,561
Unallocated liabilities					1,731,130
Total liabilities					<u>21,025,691</u>

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

- all assets are allocated to reportable segments other than financial assets at fair value through profit or loss, available-for-sale financial assets, bank balances and cash — general accounts and other receivable. 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 other payables and accruals and current 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 2012 (Unaudited)					
	Securities and futures broking <i>HK\$</i>	Placing and underwriting <i>HK\$</i>	Loan and financing <i>HK\$</i>	Securities advisory service <i>HK\$</i>	Consolidated <i>HK\$</i>
Additions to plant and equipment	76,840	—	—	—	76,840
Depreciation of plant and equipment	411,618	—	—	—	411,618
Amortisation of intangible assets	<u>34,890</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>34,890</u>

Six months ended 30 September 2011 (Unaudited)					
	Securities and futures broking <i>HK\$</i>	Placing and underwriting <i>HK\$</i>	Loan and financing <i>HK\$</i>	Securities advisory services <i>HK\$</i>	Consolidated <i>HK\$</i>
Additions to plant and equipment	792,717	—	—	—	792,717
Depreciation of plant and equipment	563,214	—	—	—	563,214
Amortisation of intangible assets	<u>34,890</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>34,890</u>

## 6 INCOME TAX EXPENSES

	Three months ended 30 September		Six months ended 30 September	
	2012	2011	2012	2011
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$	HK\$	HK\$	HK\$
Hong Kong Profits Tax				
— current period	974,582	235,368	2,298,066	1,456,293
Deferred tax (credit) expenses				
— current period	(21,226)	(21,072)	(47,463)	(45,490)
	<u>953,356</u>	<u>214,296</u>	<u>2,250,603</u>	<u>1,410,803</u>

Hong Kong Profits Tax is calculated at 16.5% (2011: 16.5%) of the estimate assessable profits arising in Hong Kong for the three months and six months ended 30 September 2012 and 2011.

## 7 DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2012 (2011: Nil).

## 8 EARNINGS PER SHARE

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

	Three months ended 30 September		Six months ended 30 September	
	2012	2011	2012	2011
	HK\$	HK\$	HK\$	HK\$
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Profit for the period attributable to owners of the Company	<u>4,348,326</u>	<u>732,143</u>	<u>10,260,908</u>	<u>5,671,576</u>
	Three months ended 30 September		Six months ended 30 September	
	2012	2011	2012	2011
	No. of shares	No. of shares	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>	<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>1,000,008,506</u>	<u>1,000,000,000</u>	<u>1,000,008,506</u>

Note:

- (a) No adjustment had been made to the basic earnings per share amounts presented for the three months and six months ended 30 September 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.

The calculation of diluted earnings per share for the three months and six months ended 30 September 2011 is based on the profit for the period attributable to the owners of the Company of HK\$732,143 and HK\$5,671,576 and the weighted average number of ordinary shares of 1,000,008,506 outstanding during the year calculated based on the 1,000,000,000 ordinary shares in issue during the period as used in the calculation of basic earnings per share plus the effects of all dilutive potential ordinary shares of 8,506 ordinary shares as if all the Company's pre-IPO share options has been exercised.

## 9 PLANT AND EQUIPMENT

During the six months ended 30 September 2012, the Group acquired items of plant and equipment with a cost of HK\$76,840 (31 March 2012: HK\$1,060,900). During the six months ended 30 September 2012, the Group disposed items of plant and equipment with a cost of HK\$20,640 (31 March 2012: HK\$NIL).

## 10 TRADE RECEIVABLES

	30 September 2012 <i>HK\$</i> (Unaudited)	31 March 2012 <i>HK\$</i> (Audited)
Trade receivables from the business of dealing in futures contracts:		
Clearing houses	533,319	24,400
Trade receivables from the business of dealing in securities:		
Cash clients	84,497	713,470
Margin clients	71,452,018	90,946,641
Clearing houses	12,529,936	1,423,559
Commission receivables from wealth management business	60,427	55,056
Trade receivables from securities advisory service	15,350,000	10,650,000
	<u>100,010,197</u>	<u>103,813,126</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.

Listed securities of clients are held as collateral against secured margin loans and term loans. The fair value of the listed securities at 30 September 2012 held as collateral was HK\$274,449,998 (31 March 2012: HK\$220,962,498).

The aging analysis of the trade receivables are as follows:

	<b>30 September 2012 HK\$ (Unaudited)</b>	31 March 2012 HK\$ (Audited)
Margin clients balances:		
No due date	<u>71,452,018</u>	<u>90,946,641</u>
Other balances:		
Less than 1 month past due	13,204,247	12,300,950
1 to 3 months past due	7,503,932	53,035
Over 3 months but less than 1 year past due	7,850,000	175,850
Over 1 year past due	<u>—</u>	<u>336,650</u>
	<u>28,558,179</u>	<u>12,866,485</u>
	<u><b>100,010,197</b></u>	<u><b>103,813,126</b></u>

The Directors consider that the carrying amounts of trade receivables approximate their fair values at the end of the reporting period, no impairment need to be made.

# 11 LOAN RECEIVABLES

	<b>30 September 2012 HK\$ (Unaudited)</b>	31 March 2012 HK\$ (Audited)
Loan receivables	31,350,000	13,000,000
Loan interest receivable	<u>360,681</u>	<u>23,226</u>
	<u><b>31,710,681</b></u>	<u><b>13,023,226</b></u>

Certain loan receivables are secured by properties or listed securities. All the loans bear interest at market interest rate and repayable within one year. The fair values of the Group's loan receivables at the end of reporting period, are determined based on the present value of the estimated future cash flows discounted using the prevailing market rates at the end of each reporting period. The fair values of the Group's loan receivables are approximate to the corresponding carrying amounts of the loan receivables.

The loan receivables have been reviewed by the directors to assess impairment which are based on the evaluation of collectability, aging analysis of accounts and on their judgement, including the current creditworthiness and the past collection statistics. The directors considered that no impairment is required to be provided for the period.

All loan receivables are not yet due at the end of reporting period.

## 12 BANK BALANCE AND CASH/PLEDGED BANK DEPOSIT

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

Pledge bank deposit represents deposit pledged to bank to secure bank facilities granted to the Group. Deposits amounting to HK\$5,000,000 (HK\$5,000,000 as at 31 March 2012) have been pledged to secure bank overdrafts and is therefore classified as current assets.

## 13 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 nature of this business.

Included in trade payables to cash clients attributable to dealing in securities and futures transaction which described in note 12 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.

## 14 SHARE CAPITAL

### The Company

	<i>Number of shares</i>	<i>HK\$</i>
<b>Authorised:</b>		
<b>As at 31 March 2012 and 30 September 2012, ordinary shares of HK\$0.01 each</b>	<b><u>5,000,000,000</u></b>	<b><u>50,000,000</u></b>
	<i>Number of shares</i>	<i>HK\$</i>
<b>Issued and fully paid:</b>		
<b>As at 31 March 2012 and 30 September 2012, ordinary shares of HK\$0.01 each</b>	<b><u>1,000,000,000</u></b>	<b><u>10,000,000.00</u></b>

## 15 CONTINGENT LIABILITIES

As at 30 September 2012, neither the Group nor the Company had any significant contingent liabilities (31 March 2012: Nil).

## 16 CAPITAL COMMITMENT

As at 30 September 2012, the Company did not have any significant commitments (31 March 2012: HK\$ Nil).

## 17 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.

		Three months ended 30 September		Six months ended 30 September	
		2012	2011	2012	2011
		HK\$	HK\$	HK\$	HK\$
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Commission and brokerage income from securities trading:					
— Ms. Au	Substantial shareholder	867	3,504	1,067	5,469
— CAAL Capital Limited	Owned by Ms. Au	44,775	164,527	106,597	793,936
— China Merit International Holdings Limited	Owned by Ms. Au	—	3,073	3,496	3,473
— Au Yik Fei	Associate of Ms. Au	—	—	100	100
— Chinacorp International Consultants Limited	Associate of Ms. Au	27,772	97,661	55,114	337,463
— Kitty Au Nim Bing	Associate of Ms. Au	50	50	210	50
— Au Yuk Kit	Associate of Ms. Au	—	—	158	127
Commission and brokerage income from futures contracts trading:					
— China Merit International Holdings Limited	Owned by Ms. Au	—	—	—	18,864
— CAAL Capital Limited	Owned by Ms. Au	468	—	468	5,784

- (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:

		As at 30 September 2012 HK\$ (Unaudited)	As at 31 March 2012 HK\$ (Audited)
Amount due from/(to) related parties			
— Ms. Au	Substantial shareholder	(210,650)	(3,006,573)
— CAAL Capital Limited	Owned by Ms. Au	(575,102)	(1,481,206)
— China Merit International Holdings Limited	Owned by Ms. Au	(5,491,708)	(1,586,289)
— Au Yik Fei	Associate of Ms. Au	(372,536)	(386,401)
— Au Yuk Kit	Associate of Ms. Au	(202,157)	(84,603)
— Chinacorp International Consultants Limited	Associate of Ms. Au	1,779,363	4,398,893
— Kitty Au Nim Bing	Associate of Ms. Au	(202,157)	(76,760)



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 settlements terms are same as those with third parties. The related parties custodian, cash placed with the Group in it 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:

	<b>Six months ended</b>	
	<b>30 September</b>	30 September
	<b>2012</b>	2011
	<b>HK\$</b>	<b>HK\$</b>
Short-term benefits	<b>1,003,200</b>	1,077,121
Post-employment benefits	<b>16,500</b>	22,500
Share based payment	<b>89,749</b>	134,622
	<b><u>1,109,449</u></b>	<u>1,234,243</u>

## 18 COMPARATIVE AMOUNTS

Certain amounts are reclassified in the unaudited condensed consolidated statement of comprehensive income in order to better reflect their nature and conform with current period's presentation.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Market Review

During the reporting period, the financial service sector was very competitive. The global economic and financial environment was volatile. The market sentiment became more adversely affected by concerns over the monetary tightening policy in China as well as the European sovereign debt crisis and recession of the US economy.

As at 28 September 2012, the Hang Seng Index record was 20,840 representing 1.4% increase as compared with 30 March 2012.

### Business review

#### *Securities and Futures Brokerage*

The commission and brokerage fee from securities dealings decreased by approximately 73.4% from approximately HK\$4.8 million for the six months ended 30 September 2011 to approximately HK\$1.3 million for the six months ended 30 September 2012. The total value of transaction decreased by approximately 86.9% from approximately HK\$20,838.0 million for the six months ended 30 September 2011 to approximately HK\$2,727.6 million for the six months ended 30 September 2012. As a result, income relating to clearing and settlement fee also decreased by approximately 78.5% from approximately HK\$0.5 million for the six months ended 30 September 2011 to approximately HK\$97,331 for the six months ended 30 September 2012.

The commission and brokerage fee from dealings in futures contracts decreased by approximately 70.3% from approximately HK\$786,609 for the six months ended 30 September 2011 to approximately HK\$233,922 for the six months ended 30 September 2012.

In May 2011, a joint venture, namely Capital Global (BVI) Limited (“Capital Global”), has been set up for the purpose of engaging in the wealth management business. The joint venture was incorporated in British Virgin Islands; and the Group initially holds 41.0% of the shareholding interest. In November 2011, the shareholding interest increased to 91.0%. Revenue generated from Capital Global for the six months ended 30 September 2012 was HK\$527,717.

#### *Loan and Financing*

The Group has commenced its margin financing business since April 2011. In 2012, CLC Finance Limited, a wholly owned subsidiary incorporated in Hong Kong, has been set up for the purpose of engaging in the money lending business. Revenue from loan and financing represents 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 70.1% from approximately HK\$5.0 million for the six months ended 30 September 2011 to approximately HK\$8.4 million for the six months ended 30 September 2012.

## *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, Cheong Lee Securities Limited, the Company's wholly-owned subsidiary, provided securities advisory services to customers.

Commission income from securities advisory services for the six months ended 30 September 2012 was approximately HK\$7.5 million.

## *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 decreased by approximately 19.5% from approximately HK\$9.3 million for the six months ended 30 September 2011 to approximately HK\$7.5 million for the six months ended 30 September 2012.

## **Financial review**

The Group's revenue for the six months ended 30 September 2012 was approximately HK\$26.2 million, representing an increase of approximately 25.2% from approximately HK\$21.0 million of the corresponding period in 2011.

The Group traded equity securities listed in Hong Kong and Canada. During the six months ended 30 September 2012, the Group record an unrealised loss of approximately HK\$2.2 million (approximately HK\$1.9 million for the six months ended 30 September 2011) mainly due to the declined in value in the midst of the recent general downturn of the global equity market.

Administrative expenses for the six months ended 30 September 2012 were approximately HK\$12.4 million (approximately HK\$11.5 million for the six months ended 30 September 2011), representing an increase of approximately 7.3%.

Due to the total value of transaction decreased by 86.9% from approximately HK\$20,838.0 million for the six months ended 30 September 2011 to HK\$2,727.6 million for the six months ended 30 September 2012. The related expenses such as CCASS charges was decreased by approximately 77.3% from approximately HK\$767,882 for the six months ended 30 September 2011 to approximately HK\$174,097 for the six months ended 30 September 2012.

Staff cost excluding the effects of fair value provision for pre-IPO share options for the six months ended 30 September 2012 were approximately HK\$3.5 million (approximately HK\$3.2 million for the six months ended 30 September 2011), representing an increase of approximately 9.4% because of the increase in the total number of staff.

Profit attributable to the owners of the Company amounted to approximately HK\$10.3 million for the six months ended 30 September 2012 (approximately HK\$5.7 million for the six months ended 30 September 2011). Earnings per share was approximately HK1.03 cents for the six months ended 30 September 2012 (approximately HK0.57 cents for the six months ended 30 September 2011).

## **Liquidity and financial resources and capital structure**

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

The Group maintained a healthy financial position, with bank balance and cash in general accounts amounting to approximately HK\$34.0 million as at 30 September 2012 (approximately HK\$53.0 million as at 31 March 2012). Most of the Group's cash and bank balances in general accounts were denominated in Hong Kong dollars. As at 30 September 2012, the Group had net current assets of approximately HK\$171.8 million (approximately HK\$181.1 million as at 31 March 2012). Current ratio of the Group as at 30 September 2012 was approximately 5.1 times (approximately 9.7 times as at 31 March 2011).

As at 30 September 2012, the Group had no secured loans (NIL as at 31 March 2012).

As at 30 September 2012, the Group's gearing ratio represented by the total liabilities as a percentage of the Group's total assets amount to approximately 19.4% (approximately 10.2% as at 31 March 2012).

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 2012, the Group did not have any significant capital commitments (NIL as at 31 March 2012).

## **Dividend**

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2012.

## **Staff and remuneration policies**

As at 30 September 2012, the Group had 25 (25 as at 31 March 2012) employees, including the Directors. Total staff costs (including directors' emoluments) were approximately HK\$3.5 million for the six months ended 30 September 2012 as compared to approximately HK\$3.2 million for the six months ended 30 September 2011.

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, pre-IPO share options and options that may be granted under the share option scheme.

## **Charge on group assets and Guarantee**

As at 30 September 2012, the Company had provided guarantees in favour of a financial institution in respect of overdraft facilities of its subsidiary, Cheong Lee Securities Limited (“Cheong Lee”) amounting to HK\$10.0 million (HK\$10.0 million as at 31 March 2012). As at 30 September 2012, Cheong Lee had a bank fixed deposit amounted of HK\$5.0 million which has been pledged to secure that overdraft facilities (HK\$5.0 million as at 31 March 2012).

## **Contingent liabilities**

As at 30 September 2012, the Group had no material contingent liabilities (NIL as at 31 March 2012).

## **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.

## **Transfer of listing**

The Company has submitted a formal application to the Stock Exchange on 15 August 2012 for the transfer of listing of the Shares from GEM to the Main Board of the Stock Exchange (the “Proposed Transfer”) pursuant to Chapter 9A of the Rules Governing the Listing of Securities on the Stock Exchange. The Directors believe that listing of its Shares on the Main Board will enhance the profile of the Group and could improve trading liquidity of the Shares over time. The Directors also consider that listing of its Shares on the Main Board will be beneficial to the future growth, financing flexibility and business development of the Group. The Stock Exchange is reviewing the Proposed Transfer and as at the date of this announcement, an approval has not yet been granted by the Stock Exchange and there is no assurance that such approval will be obtained from the Stock Exchange. As at the date of this announcement, no plan of change in nature of business of the Group following the Transfer of Listing is contemplated by the Directors.

## **Outlook**

Amidst uncertain market conditions arising from unresolved debt crisis in Europe, the risk of further economic deceleration in Europe and the US and continued monetary measures in the PRC, the Board believes that the Group’s businesses will sustain well despite the unstable economic conditions. The Group will continue to grow its brokerage business and wealth management business, by broadening client base and by strengthening its trading platform. The Group will continue to put efforts on expanding the margin finance 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 30 September 2012 was 4,600,000 which represented approximately 0.46% of the issued share capital of the Company as at 30 September 2012.

As at 30 September 2012, 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	08/03/2012– 07/03/2013	500,000	0.05%
			08/03/2013– 07/03/2014	1,000,000	0.10%
				<u>1,500,000</u>	<u>0.15%</u>
(ii) Lau Kin Hon, Executive Director	25/02/2011	0.485	08/03/2012– 07/03/2013	500,000	0.05%
			08/03/2013– 07/03/2014	500,000	0.05%
				<u>1,000,000</u>	<u>0.10%</u>
(iii) Kwok Kin Chung, Executive Director	25/02/2011	0.485	08/03/2012– 07/03/2013	500,000	0.05%
			<b>Sub-total</b>	<u><u>3,000,000</u></u>	<u><u>0.30%</u></u>
(iv) Employees	25/02/2011	0.485	08/03/2012– 07/03/2013	1,400,000	0.14%
			08/03/2013– 07/03/2014	200,000	0.02%
				<u>1,600,000</u>	<u>0.16%</u>
			<b>Total</b>	<u><u>4,600,000</u></u>	<u><u>0.46%</u></u>

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 30 September 2012.

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 30 September 2012 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 September 2012, 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 September 2012, there were a total of 3,000,000 outstanding share options of the Company granted to the Directors, details of which are summarised in the following table:

Director	Date of grant	Options to Subscribe for Shares of the Company				Option exercise period	Exercise price per share	Approximate percentage of shareholding
		Outstanding as at 1 April 2012	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding as at 30 September 2012		
Yu Linda	25/2/2011	500,000	—	—	—	500,000	08/03/2012 to 07/03/2013	0.05%
	25/2/2011	1,000,000	—	—	—	1,000,000	08/03/2013 to 07/03/2014	0.10%
						1,500,000		0.15%
Lau Kin Hon	25/2/2011	500,000	—	—	—	500,000	08/03/2012 to 07/03/2013	0.05%
	25/2/2011	500,000	—	—	—	500,000	08/03/2013 to 07/03/2014	0.05%
						1,000,000		0.10%
Kwok Kin Chung	25/2/2011	500,000	—	—	—	500,000	08/03/2012 to 07/03/2013	0.05%
Total		3,000,000	—	—	—	3,000,000		0.30%

*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 30 September 2012.



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

As at 30 September 2012, 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**

<b>Name of shareholder</b>	<b>Number of shares</b>	<b>Approximate percentage holding</b>
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 September 2012, 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 2012.

## **INTERESTS OF THE COMPLIANCE ADVISER**

As notified by VC Capital Limited ("VC Capital"), the compliance adviser of the Company, neither VC Capital nor its directors or employees or associates had any interests in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) as at 30 September 2012.

Pursuant to the agreement dated 3 March 2011 entered into between VC Capital and the Company, VC Capital received and will receive fees for acting as the compliance adviser of the Company.

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

For the six months ended 30 September 2012, 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 six months ended 30 September 2012.

## 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 2012, 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 six months ended 30 September 2012 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**  
**Alexis Ventouras**  
*Chairman*

Hong Kong, 13 November 2012

*As at the date of this announcement, the Company's executive Directors are Mr. Alexis Ventouras (Chairman), 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](http://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](http://www.cheongleesec.com.hk).*