



CL GROUP (HOLDINGS) LIMITED 昌利(控股)有限公司

(Incorporated in the Cayman Islands with limited liability) Stock Code: 8098

INTERIM REPORT 2014

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



FINANCIAL HIGHLIGHT

- Recorded an unaudited turnover of approximately HK\$20.6 million for the six months ended 30 September 2014, representing an decrease of approximately 3.9% over the same period of the previous year.
- Recorded an unaudited profit attributable to the owners of the Company of approximately HK\$4.2 million for the six months ended 30 September 2014. The significant decreased in profit was mainly attributed to the recognition of share-based payment expenses of HK\$8.3 million, which is a non-cash expense, as a result of the share options granted by the Company on 9 April 2014.
- Basic and diluted earnings per share for the six months ended 30 September 2014 were HK0.38 cents (2013: basic earnings per share of HK1.18 cents) and HK0.38 cents (2013: HK1.18 cents) respectively.
- The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2014.

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 2014 together with comparative unaudited figures for the corresponding period in 2013, as follows:

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

For the three months and six months ended 30 September 2014

	Notes	Three months ended 30 September		Six months ended 30 September	
		2014	2013	2014	2013
		(unaudited) HK\$	(unaudited) HK\$	(unaudited) HK\$	(unaudited) HK\$
Turnover	3	8,995,798	11,462,545	20,560,347	21,395,807
Net other income (loss)	4	(770,289)	710,151	2,513,290	2,740,865
Administrative expenses		(4,011,638)	(5,495,567)	(16,477,047)	(9,906,860)
Finance cost		—	—	(8,185)	—
Profit before tax		4,213,871	6,677,129	6,588,405	14,229,812
Income tax expenses	6	(998,608)	(1,135,792)	(2,426,898)	(2,424,807)
Profit and total comprehensive income for the period		3,215,263	5,541,337	4,161,507	11,805,005
Profit (loss) and total comprehensive income (expenses) for the period attributable to:					
Owners of the Company		3,215,292	5,543,332	4,166,665	11,799,950
Non-controlling interests		(29)	(1,995)	(5,158)	5,055
		3,215,263	5,541,337	4,161,507	11,805,005
Earnings per share					
— Basic	8	0.29 cents	0.55 cents	0.38 cents	1.18 cents
— Diluted	8	0.29 cents	0.55 cents	0.38 cents	1.18 cents

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2014

	Notes	30 September 2014 (Unaudited) HK\$	31 March 2014 (Audited) HK\$
Non-current assets			
Plant and equipment	9	2,281,245	479,195
Intangible assets		2,658,563	2,900,250
Other assets		1,730,000	1,735,515
Deferred tax assets		3,909	9,986
		<hr/> 6,673,717	5,124,946
Current assets			
Trade receivables	10	78,601,315	66,303,019
Loan receivables	11	56,836,072	102,618,643
Other receivables, deposits and prepayments		1,680,967	1,740,583
Financial assets at fair value through profit or loss		24,066,215	22,338,348
Tax refundable		—	45,921
Pledged bank deposit	12	5,000,000	10,000,000
Bank balances and cash – trust accounts	12	31,343,361	29,356,730
Bank balances and cash – general accounts	12	49,379,767	36,682,421
		<hr/> 246,907,697	269,085,665

		30 September 2014 (Unaudited) HK\$	31 March 2014 (Audited) HK\$
	Notes		
Current liabilities			
Trade payables	13	35,800,428	38,395,293
Other payables and accruals		1,445,881	2,291,620
Bank borrowing		—	10,000,000
Tax payable		2,374,900	—
		39,621,209	50,686,913
Net current assets			
		207,286,488	218,398,752
Total assets less current liabilities			
		213,960,205	223,523,698
Net assets			
		213,960,205	223,523,698
Capital and reserves			
Share capital	14	11,000,000	11,000,000
Reserves		203,080,017	212,638,352
Equity attributable to owners of the Company		214,080,017	223,638,352
Non-controlling interests		(119,812)	(114,654)
Total equity			
		213,960,205	223,523,698

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2014

	Share capital	Share premium	Merger reserve	Share option reserve	Retained profits	Attributable to owners of the Company	Non-controlling interests	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
At 1 April 2014	11,000,000	141,963,232	32,500,000	—	38,175,120	223,638,352	(114,654)	223,523,698
Profit and total comprehensive income for the period	—	—	—	—	4,166,665	4,166,665	(5,158)	4,161,507
Recognition of equity-settled share-based payments	—	—	—	8,275,000	—	8,275,000	—	8,275,000
Dividend	—	—	—	—	(22,000,000)	(22,000,000)	—	(22,000,000)
At 30 September 2014	11,000,000	141,963,232	32,500,000	8,275,000	20,341,785	214,080,017	(119,812)	213,960,205
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	—	—	—	—	11,799,950	11,799,950	5,055	11,805,005
Recognition of equity-settled share-based payments	—	—	—	50,858	—	50,858	—	50,858
Dividend	—	—	—	—	(20,000,000)	(20,000,000)	—	(20,000,000)
At 30 September 2013	10,000,000	112,473,021	32,500,000	262,764	24,885,620	180,121,405	(128,906)	179,992,499

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2014

	Six months ended 30 September	
	2014 (Unaudited) HK\$	2013 (Unaudited) HK\$
Net cash used in operating activities	46,244,055	(27,669,930)
Net cash generated from investing activities	(1,546,709)	15,945,505
Net cash used in financing activities	(32,000,000)	(20,000,000)
Net decrease in cash and cash equivalents	12,697,346	(31,724,425)
Cash and cash equivalents at beginning of period	36,682,421	48,563,330
Cash and cash equivalents at end of period	49,379,767	16,838,905
Analysis of the balance of cash and cash equivalents		
Bank balances and cash	49,379,767	16,838,905

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 2014 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		Six months ended	
	30 September		30 September	
	2014	2013	2014	2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$	HK\$	HK\$	HK\$
Commission and brokerage fees from securities dealing on The Stock Exchange of Hong Kong Limited	1,209,426	1,276,771	2,701,814	2,652,116
Commission and brokerage fees on dealing in futures contracts	9,072	11,236	18,156	39,278
Commission from wealth management business	3,922	141,907	24,615	339,754
Placing and underwriting commission	381,400	3,537,561	2,554,525	5,442,975
Clearing and settlement fee	571,503	371,802	897,720	645,926
Handling service and dividend collection fees	116,298	45,688	206,318	197,490
Interest income from				
— authorised financial institutions	45,217	23,234	89,074	41,399
— clients	6,658,951	6,054,323	14,068,102	12,036,796
— others	9	23	23	73
	8,995,798	11,462,545	20,560,347	21,395,807

4 Net other income (loss)

	Three months ended		Six months ended	
	30 September		30 September	
	2014	2013	2014	2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$	HK\$	HK\$	HK\$
Gain on trading of financial assets at fair value through profit or loss	(231,619)	367,396	1,442,349	2,214,302
Dividend income	—	955	—	955
Net change in fair value of financial assets at fair value through profit or loss	(798,291)	223,797	808,275	377,484
Other income	259,621	118,003	262,666	148,124
	(770,289)	710,151	2,513,290	2,740,865

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 2014 (unaudited)				
	Securities and futures broking HK\$	Placing and underwriting HK\$	Loan and financing HK\$	Securities advisory service HK\$	Consolidated HK\$
Segment revenue	8,162,749	2,554,525	9,753,999	—	20,471,273
Segment results	5,479,081	2,270,644	8,247,754	—	15,997,479
Gain from investments					1,442,349
Other interest income					89,074
Other income					1,070,941
Unallocated other operating expenses					(12,011,438)
Profit before tax					6,588,405
Income tax expenses					(2,426,898)
Profit for the period					4,161,507

	Six months ended 30 September 2013 (unaudited)				
	Securities and futures broking HK\$	Placing and underwriting HK\$	Loan and financing HK\$	Securities advisory service HK\$	Consolidated HK\$
Segment revenue	3,786,200	5,442,975	12,125,449	—	21,354,624
Segment results	1,003,315	3,886,011	11,215,853	(223,112)	15,882,067
Loss from investments					2,591,786
Other interest income					41,183
Other income					149,079
Unallocated other operating expenses					(4,434,303)
Profit before tax					14,229,812
Income tax expenses					(2,424,807)
Profit for the period					11,805,005

Revenue reported above represents revenue generated from external customers. There was no inter-segment sale during the period (2013: HK\$Nil).

Segment assets and liabilities

As at 30 September 2014
(Unaudited)

	Securities and futures broking HK\$	Placing and underwriting HK\$	Loan and financing HK\$	Securities advisory service HK\$	Consolidated HK\$
Assets					
Segment assets	46,051,630	—	131,172,988	900,000	178,124,618
Unallocated assets					75,456,796
Total assets					<u>253,581,414</u>
Liabilities					
Segment liabilities	37,179,659	—	12,000	—	37,191,659
Unallocated liabilities					2,429,550
Total liabilities					<u>39,621,209</u>

As at 31 March 2014
(Audited)

	Securities and futures broking HK\$	Placing and underwriting HK\$	Loan and financing HK\$	Securities advisory service HK\$	Consolidated HK\$
Assets					
Segment assets	55,918,809	—	156,364,654	1,300,000	213,582,663
Unallocated assets					60,627,948
Total assets					<u>274,210,611</u>
Liabilities					
Segment liabilities	49,932,863	—	750,000	—	50,682,863
Unallocated liabilities					4,050
Total liabilities					<u>50,686,913</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 2014					
	(Unaudited)					
	Securities and futures broking HK\$	Placing and underwriting HK\$	Loan and financing HK\$	Securities advisory services HK\$	Unallocated HK\$	Consolidated HK\$
Additions to plant and equipment	2,029,571	—	40,214	—	—	2,069,785
Depreciation of plant and equipment	266,594	—	1,140	—	—	267,734
Amortisation of intangible assets	—	—	—	—	241,688	241,688

	Six months ended 30 September 2013				
	(Unaudited)				
	Securities and futures broking HK\$	Placing and underwriting HK\$	Loan and financing HK\$	Securities advisory service HK\$	Consolidated HK\$
Additions to plant and equipment	95,736	—	—	—	95,736
Depreciation of plant and equipment	198,113	—	—	—	198,113
Amortisation of intangible assets	34,890	—	—	—	34,890

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 2014 as the conversion of the outstanding share options during the period had an anti-dilutive effect on the basic earnings per share because the exercise price per share option was higher than the average share price of the Company for the period.

9 Plant and equipment

During the six months ended 30 September 2014, the Group acquired items of plant and equipment with a cost of HK\$2,069,785 (31 March 2014: HK\$95,737). During the six months ended 30 September 2014, the Group disposed items and write-off of plant and equipment with a cost of HK\$1,588 and HK\$Nil respectively. The Group have not disposed or write-off of plant and equipment during the six months ended 30 September 2013.

10 Trade receivables

	30 September 2014 HK\$ (Unaudited)	31 March 2014 HK\$ (Audited)
Trade receivables from the business of dealing in futures contracts:		
Clearing houses	347,581	669,851
Trade receivables from the business of dealing in securities:		
Cash clients	4,511,867	11,723,668
Margin clients	66,956,996	40,656,450
Clearing houses	5,884,871	11,953,050
Trade receivables from securities advisory service	900,000	1,300,000
	78,601,315	66,303,019

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 2014 held as collateral was HK\$261,943,487 (31 March 2014: HK\$227,384,793).

The aging analysis of the trade receivables are as follows:

	30 September 2014 HK\$ (Unaudited)	31 March 2014 HK\$ (Audited)
Margin clients balances:		
No due date	66,190,554	40,113,986
Past due	766,442	542,464
	66,956,996	40,656,450
Other balances:		
Not yet due (within 30 days)	2,101,070	24,027,656
Less than 1 month past due	8,486,524	16,892
1 to 3 months past due	154,371	—
Over 3 months but less than 1 year past due	2,324	301,392
Over 1 year past due	900,030	1,300,629
	11,644,319	25,646,569
	78,601,315	66,303,019
Impairment loss on trade receivables:		
	30 September 2014 HK\$ (Unaudited)	31 March 2014 HK\$ (Audited)
Balance at beginning of the period	2,343,787	1,787,359
Impairment loss for the period	—	824,431
Amount recovered for the period	—	(268,003)
Balance at end of the period	2,343,787	2,343,787

Age of receivables that are past due but not impaired:

	30 September 2014 HK\$ (Unaudited)	31 March 2014 HK\$ (Audited)
Margin clients balances:		
Past due	766,442	542,464
Other balances:		
Less than 1 month past due	8,486,524	16,892
1 to 3 months past due	154,371	—
Over 3 months but less than 1 year past due	2,324	301,392
Over 1 year past due	900,030	1,300,629
	9,543,249	1,618,913
	10,309,691	2,161,377

11 Loan receivables

	30 September 2014 HK\$ (Unaudited)	31 March 2014 HK\$ (Audited)
Loan receivables	50,298,243	99,314,700
Loan interest receivable	6,537,829	3,303,943
	56,836,072	102,618,643

Majority of the 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.

At 30 September 2014, it have HK\$1,877,870 that are past due but not impaired (31 March 2014: HK\$1,107,220)

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\$10,000,000 as at 31 March 2014) 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

	Number of shares	HK\$
Authorised:		
As at 31 March 2014 and 30 September 2014, ordinary shares of HK\$0.01 each	5,000,000,000	50,000,000
	Number of shares	HK\$
Issued and fully paid:		
As at 31 March 2014 and 30 September 2014, ordinary shares of HK\$0.01 each	1,100,000,000	11,000,000

15 Contingent liabilities

As at 30 September 2014, neither the Group nor the Company had any significant contingent liabilities (31 March 2014: Nil).

16 Capital commitment

As at 30 September 2014, the Company did not have any significant commitments (31 March 2014: HK\$130,000).

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		Six months ended	
		30 September		30 September	
		2014	2013	2014	2013
		HK\$	HK\$	HK\$	HK\$
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Commission and brokerage income from securities trading:					
— Au Suet Ming Clarea ("Ms. Au") and her associate	Substantial shareholder	7,745	8,007	12,445	13,084
— CAAL Capital Limited	Owned by Ms. Au	83,454	193,108	179,164	484,629
— China Merit International Holdings Limited	Owned by Ms. Au	100	1,025	100	2,277
— C. L. Management Services Limited	Owned by Ms. Au	—	1,088	1,415	1,088
— Au Yik Fei	Associate of Ms. Au	645	536	2,324	1,084
— Au Yuk Kit	Associate of Ms. Au	129	357	316	636
Commission and brokerage income from futures contracts trading:					
— Ms. Au	Substantial shareholder	—	2,236	361	5,660

- (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	As at
		30 September	31 March
		2014	2014
		HK\$	HK\$
		(Unaudited)	(Audited)
Amount due from/(to) related parties			
— Ms. Au and her associate	Substantial shareholder	31,561	3,629,858
— CAAL Capital Limited	Owned by Ms. Au	2,076,104	39,067
— China Merit International Holdings Limited	Owned by Ms. Au	148,053	(105,255)
— C. L. Management Services Limited	Owned by Ms. Au	—	—
— Au Yik Fei	Associate of Ms. Au	122,810	—
— Au Yuk Kit	Associate of Ms. Au	—	271,726
— Kitty Au Nim Bing	Associate of Ms. Au	—	(30,196)

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 custodians' cash placed with the Group in its trust account were included in trade payables and would be settled upon request or the related party ceased to trade with the Group.

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

	Six months ended	
	30 September	30 September
	2014	2013
	HK\$	HK\$
Short-term benefits	954,003	922,550
Post-employment benefits	—	19,500
Share based payment	4,965,000	44,874
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	5,919,003	986,924
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18 Post-Balance Sheet Event

On 7 November 2014, a wholly owned subsidiary of the Company (the “Purchaser”) and Singyes Green Investment (HK) Company Limited (the “Vendor”), a wholly owned subsidiary of China Singyes Solar Technologies Holdings Limited, entered into the Agreement to acquire the income rights of the photovoltaic power plant at the rooftop of a factory located at Hunan Province, People’s Republic of China for 20 years at the consideration of RMB19 million in cash. Under the Agreement, the Vendor has agreed to procure its subsidiary, 湖南興業太陽能科技有限公司 (Hunan Singyes Solar Technology Co., Ltd.) to transfer to the Purchaser the income rights of the photovoltaic power plant for 20 years commencing from the date of the Agreement. Pursuant to the Agreement, the Vendor shall pay to the Group a fixed income of RMB2 million per annum during the transfer period of 20 years.

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 30 September 2014, the Hang Seng Index closed at 22,933 representing approximately 3.5% increase as compared with 22,151 as at 31 March 2014.

Business review

Securities and Futures Brokerage

The commission and brokerage fee from securities dealings increased by approximately 1.9% from approximately HK\$2.6 million for the six months ended 30 September 2013 to approximately HK\$2.7 million for the six months ended 30 September 2014. The total value of transaction increased by approximately 38.5% from approximately HK\$31,203.1 million for the six months ended 30 September 2013 to approximately HK\$43,213.6 million for the six months ended 30 September 2014. As a result, income relating to clearing and settlement fee also increased by approximately 39.0% from HK\$645,926 for the six months ended 30 September 2013 to HK\$897,720 for the six months ended 30 September 2014.

The commission and brokerage fee from dealings in futures contracts decreased by approximately 53.8% from HK\$39,278 for the six months ended 30 September 2013 to HK\$18,156 for the six months ended 30 September 2014.

The commission from wealth management business decreased by approximately 92.8% from HK\$339,754 for the six months ended 30 September 2013 to HK\$24,615 for the six months ended 30 September 2014.

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 16.9% from approximately HK\$12.0 million for the six months ended 30 September 2013 to approximately HK\$14.1 million for the six months ended 30 September 2014.



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 six months ended 30 September 2014 (HK\$Nil for the six months ended 30 September 2013).

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 53% from approximately HK\$5.4 million for the six months ended 30 September 2013 to approximately HK\$2.6 million for the six months ended 30 September 2014.

Financial review

The Group's revenue for the six months ended 30 September 2014 was approximately HK\$20.6 million, representing a decrease of approximately 3.9% from approximately HK\$21.4 million of the corresponding period in 2013.

The Group traded equity securities listed in Hong Kong and Canada. During the six months ended 30 September 2014, the Group generated realised gain and unrealised gain of approximately HK\$1.4 million and approximately HK\$0.8 million respectively on trading of equity securities listed in Hong Kong and Canada.

Administrative expenses for the six months ended 30 September 2014 were approximately HK\$16.5 million (approximately HK\$9.9 million for the six months ended 30 September 2013), representing an increase of approximately 66.3%, mainly attributed to the recognition of share-based payment expenses of totally HK\$8.3 million, which is a non-cash expenses, as a result of the share option granted by the Company on 9 April 2014.

Staff cost excluding the effects of fair value provision for share options for the six months ended 30 September 2014 were approximately HK\$2.9 million (approximately HK\$3.0 million for the six months ended 30 September 2013), representing a decrease of approximately 3.3% because of the decrease in the total number of staff.

Profit attributable to the owners of the Company amounted to approximately HK\$4.2 million for the six months ended 30 September 2014 (approximately HK\$11.8 million for the six months ended 30 September 2013). The significant decrease in profit attributable to the owners of the Company for the six months ended 30 September 2014 was mainly due to the recognition of share-based payment expenses of HK\$8.3 million, which is a non-cash expense, as described above. Earnings per share was approximately HK0.38 cents for the six months ended 30 September 2014 (approximately HK1.18 cents for the six months ended 30 September 2013).

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\$54.4 million as at 30 September 2014 (approximately HK\$46.7 million as at 31 March 2014). Most of the Group's cash and bank balances in general accounts were denominated in Hong Kong dollars. As at 30 September 2014, the Group had net current assets of approximately HK\$207.3 million (approximately HK\$218.4 million as at 31 March 2014). Current ratio of the Group as at 30 September 2014 was approximately 6.2 times (approximately 5.3 times as at 31 March 2014).

As at 30 September 2014, the Group had no secured loans (31 March 2014: Nil).

The gearing ratio is calculated as total indebtedness divided by total capital. Total indebtedness is total bank borrowings (including current and non-current bank borrowings). Total capital is calculated as "equity", as shown in the statement of financial position. At 30 September 2014, the Group has no bank borrowings and, accordingly, the gearing ratio is 0%. (2013: 0%)

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 2014, the Group did not have any significant capital commitments (31 March 2014: HK\$130,000).

Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2014.



Staff and remuneration policies

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

Remuneration is determined based on the individual's qualification, experience, position, job responsibility and market conditions. Salary adjustments and staff promotion are based on evaluation of staff performance by way of annual review, and discretionary bonuses would be paid to staff with reference to the financial performance of the Group of the preceding financial year. Other benefits include contributions to statutory mandatory provident fund scheme to its employees in Hong Kong, 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 2014, 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 million (HK\$25 million as at 31 March 2014). As at 30 September 2014, Cheong Lee had a bank fixed deposit amounted of HK\$5 million which has been pledged to secure that overdraft facilities (HK\$10 million as at 31 March 2014).

The Company provided guarantees in favour of a financial institution in respect of revolving term loan facilities of its subsidiary, CLC Finance Limited amounting to HK\$10 million (HK\$10 million as at 31 March 2014).

Contingent liabilities

As at 30 September 2014, the Group had no material contingent liabilities (HK\$Nil as at 31 March 2014).

Foreign exchange exposure

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

Future plans for material investments or capital assets

On 7 November 2014, a wholly owned subsidiary of the Company and the Vendor entered into the Agreement to acquire the income rights of the photovoltaic power plant at the rooftop of a factory located at Hunan Province, People's Republic of China for 20 years at the consideration of RMB19 million in cash. Pursuant to the Agreement, the Vendor shall pay to the Group a fixed income of RMB2 million per annum during the transfer period of 20 years. The Company consider that the acquisition will provide a long term stable guaranteed income to the Group and enables the Group to participate in the solar power industry.

Outlook

Despite the accelerating European and US economic growth in the third quarter of 2014; due to the uncertain local political environment, Hang Seng Index plunged in September. With the forthcoming launch of the Shanghai — Hong Kong Stock Connect, the market becomes more volatile. The Group will leverage the knowledge and experience of our management team to seize opportunities as they arise. The Group will continue to put efforts on expanding the margin and loan financing business and securities advisory service and on satisfying the needs of our customers.

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

RISK MANAGEMENT CREDIT RISK

Credit Risk

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

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

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

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

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

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



Liquidity Risk

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

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

Foreign Exchange Risk

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

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.

There are no share options granted and outstanding under the Pre-IPO Share Option Scheme as at 30 September 2014.

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.

Under the share option scheme, the Company may grant to directors (the “Directors”) and employees of the Group and any other persons who, in the sole discretion of the Board, have contributed or will contribute to the Group which options granted shall be immediately vested. The maximum number of shares to be issued upon exercise of all outstanding options granted and yet to be exercised under the share option scheme and any other share option scheme of the Company must not in aggregate exceed 30% of the total number of shares in issue from time to time.

The total number of shares which may be issued upon exercise of all options to be granted under the share option scheme and any other share option scheme of the Company must not in aggregate exceed 10% of the shares in issue at the date of the passing of the relevant ordinary resolution. If any option is to be granted to connected person(s), it must be approved by independent non-executive directors or independent shareholders as the case may be.

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.

The total number of shares in respect of which share options granted under the Share Option Scheme as at 30 September 2014 and not yet exercised was 50,000,000 which represented approximately 4.55% of the issued share capital of the Company as at 30 September 2014.

As at 30 September 2014, details of the share options granted under the Share Option Scheme are as follows:

Grantees	Date of Grant (dd/mm/yyyy)	Exercise price per share HK\$	Exercisable period (dd/mm/yyyy)	Changes during the period			Balance as at 30 September 2014	
				Balance as at 1 April 2014	Granted	Exercised		Cancelled/ lapsed
Kwok Kin Chung, Executive Director	09/04/2014	0.455	09/04/2014-08/04/2023	—	10,000,000	—	—	10,000,000
Yu Linda, Executive Director	09/04/2014	0.455	09/04/2014-08/04/2023	—	10,000,000	—	—	10,000,000
Lau Kin Hon, Executive Director	09/04/2014	0.455	09/04/2014-08/04/2023	—	10,000,000	—	—	10,000,000
			Sub-total	—	30,000,000	—	—	30,000,000
Employees and Other Participants	09/04/2014	0.455	09/04/2014-08/04/2023	—	20,000,000	—	—	20,000,000
			Total	—	50,000,000	—	—	50,000,000
Weighted average exercise price				—	0.455	—	—	0.455

Fair value of share options and assumptions

The fair value of share option granted at the grant date was HK\$0.1655 per share, which are calculated using the Black-Scholes model with the following inputs:

Date of grant	: 9 April 2014
Share price at the grant date	: HK\$0.410
Exercise price	: HK\$0.455
Expected volatility	: 55.019%
Expected life of option	: 9 years
Expected dividend yield	: 5.860%
Risk free rate	: 2.106%

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

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

As at 30 September 2014, 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 2014, there were a total of 30,000,000 outstanding share options of the Company granted to the Directors, details of which are summarised in the following table:

Director	Date of grant (dd/mm/yyyy)	Options to Subscribe for Shares of the Company				Outstanding as at		Exercise price per share	Approximate percentage of shareholding
		Outstanding as at 1 April 2014	Granted during the period	Exercised during the period	Lapsed during the period	30 September 2014	Option exercise Period (dd/mm/yyyy)		
Kwok Kin Chung	09/04/2014	—	10,000,000	—	—	10,000,000	09/04/2014 to 08/04/2023	HK\$0.455	0.91%
Yu Linda	09/04/2014	—	10,000,000	—	—	10,000,000	09/04/2014 to 08/04/2023	HK\$0.455	0.91%
Lau Kin Hon	09/04/2014	—	10,000,000	—	—	10,000,000	09/04/2014 to 08/04/2023	HK\$0.455	0.91%
Total		—	30,000,000	—	—	30,000,000			2.73%

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 2014.

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

As at 30 September 2014, 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	68.18%
Ms. Au Suet Ming Clarea (<i>note i</i>)	750,000,000	68.18%

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 2014, 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 2014.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

For the six months ended 30 September 2014, 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 2014.

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 2014, 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 Mr. Au-Yeung Tai Hong Rorce, Mr. Poon Wing Chuen and Mr. Chiu Wai Keung. The unaudited condensed consolidated interim results of the Group for the six months ended 30 September 2014 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, 10 November 2014

As at the date of this report, 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 Mr. Poon Wing Chuen.