

TARGET

Intelligence Report

VOLUME XXIV No. 219

T U E S D A Y

October 11, 2022

CL GROUP (HOLDINGS) LTD: OVERTRADING ? MYOPIA ? COVID-19 ? OR, JUST PLAIN STUPIDITY ?

For the first time in the past 11 Financial Years, CL Group (Holdings) Ltd (昌利[控股]有限公司) (Code: 8098, The **G**rowth **E**nterprise **M**arket [the **GEM**], The Stock Exchange of Hongkong Ltd) has logged in a Net Loss Attributable to Shareholders.

With regard to the Financial Year, ended March 31, 2022, Senior Management of CL Group (Holdings) Ltd informed its shareholders that the Net Loss Attributable to Shareholders was a smidgin more than \$HK8.01 million.

In respect of the 2021 Financial Year, the Company reported a relatively healthy Net Profit Attributable to Shareholders of about \$HK15.19 million.

Year-On-Year, therefore, the turnabout, in terms of the Net Profits of the Company, was about 152.76 percent.

According to the database of **TOLFIN** (泰達資訊), the Computerised, Online Financial Intelligence Service and Web-Based, Credit-Checking Provider, since CL Group (Holdings) Ltd sought and obtained a listing of its shares on the secondary equity market of the **Hongkong Special Administrative Region (HKSAR)** of the **People's Republic of China (PRC)**, viz., March 8, 2011, there never had been a single Financial Year that the Company did not record that which could be described as a reasonable profit.

At Page Four of the 2022 Financial Year, the Chief Executive Officer of the Company – the Company, presently, does not have a Chairman of the Board of Directors – Mr Kwok Kin Chung (郭建聰) had this to state by way of an explanation to the Company's minority shareholders in respect of the situation that had transpired, during the 2022 Financial Year:

'During the year under review, the Hong Kong financial market has (been) negatively affected by the COVID-19 pandemic. As at 31 March 2022, the Hang Seng Index recorded as (sic) 21,996 representing approximately (a) 22.5% decrease as compared with 28,378 as at 31 March 2021.

‘During the reporting period, the Group recorded total revenue and investment income of approximately HK\$24.9 million, representing a decrease of approximately 52.3% compared to the previous financial year. Loss attributable to the owners of the Company in the financial year of 2021/22 amounted to approximately HK\$8.0 million, representing a decrease of approximately 152.8%. The Group continuously maintained a balanced investment portfolio by holding a variety of stable income investments such as debt securities. As of March 31, 2022, the value of the Group’s investment portfolio was approximately HK\$22.3 million as compared to the previous financial year of approximately HK\$75.7 million.

‘Our diversified revenue streams encompass both interest income and non-interest income in the form of commissions, fees and other revenues. Despite uncertainties over economic growth, the Group is continuously focusing its efforts by expanding its business by broadening the customer base and strengthening our trading platform. In addition to delivering sustained income and balanced growth, the Group is also committed to the community by fulfilling its social responsibilities.

‘With the joint efforts of the Board, management and staff, we are confident that we will continue to achieve substantial gains for our shareholders as planning for continuous expansion of our core business and exploring new opportunities ...’.

The Business Of CL Group (Holdings) Ltd

CL Group (Holdings) Ltd is principally engaged in the following activities:

- Securities and Futures Brokerage;
- Loans and Financing;
- Placing and Underwriting Business; and,
- Investment Holding.

The Company, via CLC Finance Ltd (昌利財務有限公司), a wholly owned subsidiary of CL Group (Holdings) Ltd, is the holder of a Money Lenders Licence. This subsidiary provides loans and financing services to customers on request.

As to the activity of ‘*Placing and Underwriting Business*’, CL Group (Holdings) Ltd proclaimed that it:

‘is engaged in acting as an underwriter or a sub-underwriter or a placing agent or a sub-placing agent on its best effort basis for fund-raising activities. It would take the role of an underwriter only if it received special requests from the issuers and/or their respective placing and underwriting agents.’

In respect of the activity of ‘*Investment Holding*’, one was told:

‘The Group maintained a portfolio investments included the holding of listed equity securities, equity linked notes, debt instruments and film right. Due to the market volatility and the group decreased the size of investment portfolio, the value of portfolio of listed equity securities, equity linked notes and debt instruments as at 31 March 2022 portfolio was approximately HK\$22.3 million (2021: approximately HK\$75.7 million). Net loss on trading of financial assets at FVTPL (Fair Value Through Profit Or Loss) of approximately HK\$1.9 million (2021: net gain of approximately HK\$4.4 million), net loss in fair value of financial assets at FVTPL of approximately HK\$23.1 million (2021: net fair value gain of approximately HK\$6.5 million) and net loss in fair value of financial assets at FVTOCI (Fair Value Through Other Comprehensive Income) of approximately HK\$13.8 million (2021: net gain of approximately HK\$2.6 million).’

The Financials Of CL Group (Holdings) Ltd

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