



CHANCETON FINANCIAL GROUP LIMITED
川盟金融集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8020)



2011 Interim Report

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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (the “Directors”) of Chanceton Financial Group 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: (1) the information contained in this report is accurate and complete in all material respects and not misleading or deceptive; and (2) there are no other matters the omission of which would make any statement herein or in this report misleading.

HIGHLIGHTS

- Unaudited revenue of the Group for the six months ended 30 September 2011 amounted to approximately HK\$6,180,000, representing a decrease of approximately 16% over the corresponding period in 2010.
- Consolidated profit attributable to owners of the Company for the six months ended 30 September 2011 was approximately HK\$3,269,000.
- Earnings per share for the six months ended 30 September 2011 was approximately HK\$0.65 cents.
- Prior to the listing of the Company on 12 October 2011, a subsidiary of the Company declared and paid an interim dividend of HK\$6,000,000 on 9 May 2011. The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2011.

FINANCIAL RESULTS (UNAUDITED)

The board of Directors (the "Board") of Chanceton Financial Group Limited (the "Company") is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the three months and six months ended 30 September 2011, together with the unaudited comparative figures for the corresponding period in 2010, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months and six months ended 30 September 2011

	Notes	Three months ended 30 September		Six months ended 30 September	
		2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Revenue	3	3,995	911	6,180	7,179
Other income and gains	3	70	71	164	93
Administrative and operating expenses		(1,358)	(692)	(2,357)	(1,253)
Profit before tax	5	2,707	290	3,987	6,019
Income tax expenses	6	(489)	(48)	(718)	(993)
Profit for the period attributable to owners of the Company		2,218	242	3,269	5,026
Dividends	7	-	-	6,000	1,900
Earnings per share attributable to owners of the Company	8				
Basic and diluted (HK cents)		0.44	0.05	0.65	1.01

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 September 2011

	Three months ended		Six months ended	
	30 September		30 September	
	2011	2010	2011	2010
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit for the period	2,218	242	3,269	5,026
Other comprehensive income for the period, net of tax	—	—	—	—
Total comprehensive income for the period	2,218	242	3,269	5,026
Total comprehensive income for the period attributable to owners of the Company	2,218	242	3,269	5,026

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2011

	<i>Notes</i>	As at 30 September 2011 (Unaudited) HK\$'000	As at 31 March 2011 (Audited) HK\$'000
NON-CURRENT ASSETS			
Plant and equipment	9	<u>237</u>	<u>254</u>
Total non-current assets		<u>237</u>	<u>254</u>
CURRENT ASSETS			
Trade receivables	10	1,465	71
Prepayment, deposits and other receivables	11	3,179	194
Amount due from a related company		–	7
Cash and cash equivalents		<u>7,734</u>	<u>16,239</u>
Total current assets		<u>12,378</u>	<u>16,511</u>
CURRENT LIABILITIES			
Other payables and accruals	12	140	629
Amount due to a shareholder		–	371
Amount due to a related company		–	9
Tax payables		<u>3,060</u>	<u>3,610</u>
Total current liabilities		<u>3,200</u>	<u>4,619</u>
Net current assets		<u>9,178</u>	<u>11,892</u>
Total assets less current liabilities		<u>9,415</u>	<u>12,146</u>
Net assets		<u>9,415</u>	<u>12,146</u>
EQUITY			
Equity attributable to owners of the Company			
Share capital	13	1	530
Reserves	14	<u>9,414</u>	<u>11,616</u>
Total equity		<u>9,415</u>	<u>12,146</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2011

	Attributable to owners of the Company			Total equity HK\$'000
	Share capital HK\$'000	Other reserve HK\$'000	Retained profits HK\$'000	
At 1 April 2011 (audited)	530	–	11,616	12,146
Total comprehensive income for the period	–	–	3,269	3,269
Effect of Reorganisation	(529)	529	–	–
Interim dividend paid	–	–	(6,000)	(6,000)
At 30 September 2011 (unaudited)	1	529	8,885	9,415
At 1 April 2010 (audited)	1	–	2,203	2,204
Total comprehensive income for the period	–	–	5,026	5,026
Issue of shares	19	–	–	19
Interim dividend paid	–	–	(1,900)	(1,900)
At 30 September 2010 (unaudited)	20	–	5,329	5,349

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2011

	Six months ended	
	30 September	
	2011	2010
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash inflow from operating activities	379	1,088
Net cash outflow from investing activities	(42)	(324)
Net cash outflow from financing activities	(8,842)	–
Net (decrease)/increase in cash and cash equivalents	(8,505)	764
Cash and cash equivalents at beginning of period	16,239	495
Cash and cash equivalents at the end of period	7,734	1,259

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS

For the six months ended 30 September 2011

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 20 April 2011 as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands. The address of its registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business is located at Unit A, 23/F, CMA Building, 64-66 Connaught Road Central, Hong Kong. The Company's shares were listed on the GEM of the Stock Exchange on 12 October 2011.

The Company is an investment holding company. The principal activities of its subsidiaries are the provision of corporate finance advisory services mainly to listed and non-listed companies in Hong Kong and the PRC.

2. BASIS OF PRESENTATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements for the six months ended 30 September 2011 (the "Interim Accounts") have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of the GEM Listing Rules.

The accounting policies and methods of computation used in the preparation of the Interim Accounts are consistent with those used in the accountants' report included in the prospectus of the Company dated 28 September 2011 (the "Prospectus"), except for adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs"). The Interim Accounts do not include all of the information required for annual financial statements and thereby they should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2011.

2. BASIS OF PRESENTATION AND PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Pursuant to the corporate reorganisation under taken by the Company (the "Reorganisation") on 21 September 2011 in preparation for the listing of shares of the Company on the GEM of the Stock Exchange and for the purpose of rationalising the Group's structure, the Company became the holding company of the subsidiaries now comprising the Group. The Reorganisation involved the following:

- (a) On 20 April 2011, the Company was incorporated in the Cayman Islands with an authorised share capital of HK\$200,000,000,000 divided into 20,000,000,000,000 ordinary shares of HK\$0.01 each, one of which was allotted and issued to the subscriber of the memorandum and was transferred to Kate Glory Limited on the same date at par value;
- (b) The Company incorporated Chanceton Alliance (II) Investments Holdings Limited ("CA(II)IHL"), Chanceton Alliance (III) Investments Holdings Limited ("CA(III)IHL") and Chanceton Alliance (IV) Investments Holdings Limited ("CA(IV)IHL") in British Virgin Islands on 6 May 2011 as wholly-owned subsidiaries of the Company;
- (c) Mr. Wong Kam Wah ("Mr. Wong") disposed of the entire issued share capital of Chanceton Alliance Investments Holdings Limited ("Chanceton Alliance") to the Company in consideration of the allotment and issue of 24 shares of the Company credited as fully paid to Kate Glory Limited at the direction of Mr. Wong;
- (d) Mr. Wong disposed of the entire issued share capital of Chanceton Consulting to CA(II) IHL in consideration of the allotment and issue of 25 shares of the Company credited as fully paid to Kate Glory Limited at the direction of Mr. Wong;
- (e) Mr. Wong disposed of the entire issued share capital of Chanceton Asset Management to CA(III)IHL in consideration of the allotment and issue of 25 shares of the Company credited as fully paid to Kate Glory Limited at the direction of Mr. Wong; and
- (f) Mr. Wong disposed of the entire issued share capital of Chanceton Capital Markets to CA(IV)IHL in consideration of the allotment and issue of 25 shares of the Company credited as fully paid to Kate Glory Limited at the direction of Mr. Wong.

Upon the completion of the Reorganisation on 21 September 2011, the Company became the holding company of the companies now comprising the Group.

2. BASIS OF PRESENTATION AND PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

The Reorganisation involved reorganization of entities under common control with no change in the management and ultimate owners of the Group's underlying business. On this basis, the Interim Accounts, including comparative figures, are presented as if the current group structure had been in existence throughout the relevant periods, or since their respective dates of incorporation, where there is a shorter period. The condensed consolidated statement of financial position as at 31 March 2011 and 30 September 2011 have been prepared to present the assets and liabilities of the Group as at the respective dates as if the current group structure had been in existence at those dates.

All intra-group transactions and balances have been eliminated on combination.

The Interim Accounts have been prepared under the historical cost convention, except for certain financial assets and liabilities which have been measured at fair values. The Interim Accounts are presented in Hong Kong dollars ("HK\$") except when otherwise indicated.

Adoption of New and Revised HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010
HKAS 24 (as revised in 2009)	Related Party Disclosures
HK(IFRIC) – Int 14 (Amendments)	Payments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

The adoption of these new and revised HKFRSs had had no material effect on the Interim Accounts.

2. BASIS OF PRESENTATION AND PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

The Group has not applied the following new or revised standards that have been issued but are not yet effective:

HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income ²
HKAS 19 (as revised in 2011)	Employee Benefits ¹
HKAS 27 (as revised in 2011)	Separate Financial Statements ¹
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures ¹
HKFRS 10	Consolidated Financial Statements ¹
HKFRS 11	Joint Arrangements ¹
HKFRS 12	Disclosure of Interests in Other Entities ¹
HKFRS 13	Fair Value Measurement ¹

¹ *Effective for annual periods beginning on or after 1st January 2013*

² *Effective for annual periods beginning on or after 1st July 2012*

HKFRS 10 "Consolidated Financial Statements" replaces the parts of HKAS 27 "Consolidated and Separate Financial Statements" that deal with consolidated financial statements. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios. Overall, the application of HKFRS 10 requires a lot of judgement. At the date of this report, the Directors are in the process of assessing the potential financial impact.

3. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents fees income received from corporate finance advisory services rendered during the period.

An analysis of revenue and other income and gains is as follows:

	Three months ended 30 September		Six months ended 30 September	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Revenue				
Corporate finance advisory income	<u>3,995</u>	<u>911</u>	<u>6,180</u>	<u>7,179</u>
	3,995	911	6,180	7,179
Other income and gains				
Management fee income	<u>67</u>	<u>65</u>	<u>135</u>	<u>87</u>
Exchange gain	<u>-</u>	<u>6</u>	<u>-</u>	<u>6</u>
Others	<u>3</u>	<u>-</u>	<u>29</u>	<u>-</u>
	70	71	164	93

4. SEGMENT INFORMATION

Information reported to the management of the Group, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performances focuses on corporate finance advisory business. During the periods ended 30 September 2010 and 2011, the Group only focuses on corporate finance advisory business and all the assets and major revenue are located and derived in Hong Kong. Accordingly, no segment analysis is presented.

4. SEGMENT INFORMATION (CONTINUED)

Information about major clients

Revenue from major clients, each of them amounted to 10% or more of the Group's revenue, are set out below:

	Three months ended 30 September		Six months ended 30 September	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Customer A	1,300	259	1,800	5,290
Customer B	750	227	1,370	–
Customer C	600	103	910	–
Customer D	500	–	–	–
Customer E	460	–	–	–
	—————	—————	—————	—————

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging the following:

	Three months ended 30 September		Six months ended 30 September	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
(a) Employee benefit expenses (including directors' remuneration)				
– Wages, salaries, allowances and bonus	656	362	1,316	712
– Pension scheme contributions*	21	10	43	19
	—————	—————	—————	—————
	677	372	1,359	731
(b) Depreciation	30	25	59	45
(c) Minimum lease payment under operating lease:				
– Property rental	161	161	331	218

* As at 30 September 2010 and 2011, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years.

6. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) for the three months and six months ended 30 September 2011 and 2010.

	Three months ended 30 September		Six months ended 30 September	
	2011	2010	2011	2010
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Current tax	489	48	718	993

There was no significant unprovided deferred tax for the relevant periods and at the end of each reporting period.

7. DIVIDENDS

	Three months ended 30 September		Six months ended 30 September	
	2011	2010	2011	2010
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Interim dividends distributed by subsidiaries (<i>Note</i>)	-	-	6,000	1,900

Note: The amount represented interim dividends declared and paid by the Company's subsidiaries to their then shareholder during the six months ended 30 September 2011 and 2010 prior to the listing of the Company on 12 October 2011. The dividend rate are not presented as such information is considered not meaningful for the purpose of the Interim Accounts.

8. EARNINGS PER SHARE

The calculation of basic earnings per share for the year is based on the profit attributable to the owners of the Company for the period and on the assumptions that the proposed 500,000,000 ordinary shares in issue as at the date of listing of the Company's shares on the Stock Exchange as described in the subsection headed "Written resolutions of the sole Shareholder of the Company passed on 21 September 2011" under the section headed "Statutory and General Information" in Appendix V to the Prospectus, as if the shares were outstanding throughout the period.

8. EARNINGS PER SHARE (CONTINUED)

There were no potential dilutive ordinary shares for each of the three months and six months ended 30 September 2011 and 2010, and therefore, diluted earnings per share were the same as the basic earnings per share.

9. PLANT AND EQUIPMENT

During the three months and six months ended 30 September 2011, the Group acquired plant and equipment of approximately HK\$42,000 mainly comprising office and computer equipment.

10. TRADE RECEIVABLES

The Group's trade receivables arose from the provision of corporate finance advisory services to its clients.

The Group's trading term with its clients is, in general, due upon the issuance of invoices. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. Trade receivables arising from the provision of corporate finance advisory services are non-interest bearing.

An aged analysis of the trade receivables at the end of each reporting period, based on the invoice date and net of provision, is as follows:

	As at 30 September 2011 (Unaudited) HK\$'000	As at 31 March 2011 (Audited) HK\$'000
Current to 30 days	435	71
31 to 60 days	750	–
61 to 90 days	50	–
Over 90 days	230	–
	1,465	71

11. PREPAYMENT, DEPOSIT AND OTHER RECEIVABLES

	As at 30 September 2011 (Unaudited) HK\$'000	As at 31 March 2011 (Audited) HK\$'000
Prepayment	2,879	6
Deposit and other receivables	300	188
	<u>3,179</u>	<u>194</u>

As at 30 September 2011, prepayment of approximately HK\$2.85 million was paid to various professional parties as listing expenses of the Group. The listing expenses will be recognised as set out in the paragraph headed "The financial results of the Group would be affected by the listing expenses" in the Prospectus.

None of the above prepayment, deposit and other receivables is either past due or impaired.

12. OTHER PAYABLES AND ACCURALS

	As at 30 September 2011 (Unaudited) HK\$'000	As at 31 March 2011 (Audited) HK\$'000
Receipt in advance	–	500
Other payables and accruals	140	129
	<u>140</u>	<u>629</u>

Other payables are non-interest bearing and are repayable within one month (2011: repayable within one month).

13. SHARE CAPITAL

The following changes in the authorised and issued share capital of the Company took place during the period from 20 April 2011 (date of incorporation) to 30 September 2011:

	<i>Notes</i>	Number of ordinary shares of HK\$0.01 each (Unaudited)	Nominal value of ordinary shares (Unaudited) <i>HK\$</i>
Authorised:			
Upon incorporation	(a)	20,000,000,000,000	200,000,000,000
As at 30 September 2011		<u>20,000,000,000,000</u>	<u>200,000,000,000</u>
Issued and fully paid:			
Upon incorporation	(a)	1	0.01
Issue of shares upon Reorganisation	(b)	<u>99</u>	<u>0.99</u>
As at 30 September 2011		<u>100</u>	<u>1.00</u>

Notes:

- (a) Upon incorporation of the Company on 20 April 2011, the authorised share capital was HK\$200,000,000,000 divided into 20,000,000,000,000 ordinary shares of HK\$0.01 each, of which one fully-paid share of HK\$0.01 was allotted and issued to the subscriber to the memorandum of the Company, and was transferred to Kate Glory Limited on the same date at par value.
- (b) On 21 September 2011, the Company, the Company's subsidiaries and Mr. Wong entered into four share swap agreements as follows:
- (i) pursuant to a share swap agreement entered into between the Company, Chanceton Alliance and Mr. Wong, the Company acquired the entire issued share capital of Chanceton Alliance from Mr. Wong in consideration of the Company allotting and issuing 24 shares of the Company credited as fully paid up to Kate Glory Limited at the direction of Mr. Wong;
 - (ii) pursuant to a share swap agreement entered into between the Company, CA(II)IHL and Mr. Wong, CA(II)IHL acquired the entire issued share capital of Chanceton Consulting Limited from Mr. Wong in consideration of the Company allotting and issuing 25 shares of the Company to Kate Glory Limited credited as fully paid at the direction of Mr. Wong;

13. SHARE CAPITAL (CONTINUED)

- (iii) pursuant to a share swap agreement entered into between the Company, CA(III)IHL and Mr. Wong, CA(III)IHL acquired the entire issued share capital of Chanceton Capital Markets Limited from Mr. Wong in consideration of the Company allotting and issuing 25 shares of the Company to Kate Glory Limited credited as fully paid at the direction of Mr. Wong; and
- (iv) pursuant to a share swap agreement entered into between the Company, CA(IV)IHL and Mr. Wong, CA(IV)IHL acquired the entire issued share capital of Chanceton Asset Management Limited from Mr. Wong in consideration of the Company allotting and issuing 25 shares of the Company to Kate Glory Limited credited as fully paid at the direction of Mr. Wong.

Immediately following the above share swaps, allotment and issue, the Company's subsidiaries, which were all directly or indirectly wholly-owned by the Group, comprise Chanceton Alliance, CA(II)IHL, CA(III)IHL, CA(IV)IHL, Chanceton Capital Partners Limited, Chanceton Consulting Limited, Chanceton Asset Management Limited and Chanceton Capital Markets Limited.

14. RESERVES

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the condensed consolidated statement of changes in equity.

15. CONTINGENT LIABILITIES

As at 30 September 2011, neither the Group nor the Company had any significant contingent liabilities (31 March 2011: Nil).

16. OPERATING LEASE COMMITMENTS

As at 30 September 2011, the total future minimum lease payments of the Group under non-cancelable operating leases in respect of rented premises payable to independent third parties are as follows:

	As at 30 September 2011 (Unaudited) HK\$'000	As at 31 March 2011 (Audited) HK\$'000
Within one year	642	642
In the second to fifth years, inclusive	378	696
	1,020	1,338

17. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in this report, the Group had the following material transactions with related parties during the period:

- (a) During the six months ended 30 September 2011, the Group received management fee of approximately HK\$21,000 from Chanceton Corporate Services Limited, which is controlled by a director of the Company, Mr. Wong.
- (b) On 21 September 2011, the Group had undergone a Reorganisation in preparation for the listing of shares of the Company on the GEM of the Stock Exchange and for the purpose of rationalising the Group's structure. Details of which please refer to note 13 under section headed "Notes To The Unaudited Condensed Consolidated Interim Results" to this interim report.
- (c) Compensation of key management personnel of the Group

	Three months ended 30 September		Six months ended 30 September	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Short term employees benefits	511	321	949	631
Post-employment benefits	12	8	23	15
Total compensation paid to key management personnel	523	329	972	646

18. SUBSEQUENT EVENTS

- (a) On 11 October 2011, the Company had undergone a capitalisation issue (the "Capitalisation Issue"). Pursuant to the Capitalisation Issue, the Company allotted and issued 379,999,900 shares credited as fully paid at par to Kate Glory Limited (the "Vendor") by way of capitalisation of the sum of HK\$3,799,999 standing to the credit of the share premium account of the Company.
- (b) On 11 October 2011, the Group had undergone a placing, pursuant to which the Company and the Vendor offered 120,000,000 new shares of the Company and 80,000,000 existing shares of the Company respectively ("the Placing Shares") at HK\$0.3 per Placing Share plus 1% brokerage, 0.005% Stock Exchange trading fee and 0.003% SFC transaction levy, for subscription or purchase by way of private placements to professional and institutional investors in Hong Kong and other investors outside Hong Kong (the "Placing"). The Placing Shares represented 40% of the Company's enlarged issued share capital immediately after completion of the Placing. The minimum subscription or purchase size for each subscriber or purchaser of the Placing Shares is 10,000 Placing Shares and thereafter in integral multiples of the board lot size of 10,000 shares of the Company.
- (c) The Company successfully listed its shares on the GEM of the Stock Exchange on 12 October 2011.

19. APPROVAL OF INTERIM FINANCIAL STATEMENTS

The Interim Accounts were approved and authorised for issue by the Board on 11 November 2011.

INTERIM DIVIDEND

Prior to the listing of the Company on 12 October 2011, a subsidiary of the Company declared and paid an interim dividend of HK\$6 million on 9 May 2011, which were settled by internal resources of the Group on the same day. The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is principally engaged in the provision of corporate finance advisory services mainly to listed and non-listed companies in Hong Kong and the PRC. The Group continues seeking to position itself as one of the active local corporate finance advisory service providers in Hong Kong. The Group provides a broad range of corporate finance advisory services to its clients, including:

- (i) advising on the Listing Rules, the GEM Listing Rules and the Takeovers Code;
- (ii) acting as independent financial adviser to transactions of listed issuers falling under the Listing Rules, the GEM Listing Rules and the Takeovers Code;
- (iii) advising on M&A activities and other corporate activities; and
- (iv) advising on corporate resumption.

The Group's performance was moderate for the six months ended 30 September 2011 compared to the corresponding period in 2010, while the Group prepared for the listing on the GEM of the Stock Exchange. The Group's overall turnover decreased by approximately 16% to approximately HK\$6,180,000 for the six months ended 30 September 2011 as compared to the corresponding period last year.

During the period under review, the Group continued to maintain professional networks to facilitate new client referrals and client retention through business luncheons, dinners, cocktails and other social occasions, and involvement in various professional bodies and educational institutions.

Financial Review

Results

For the six months ended 30 September 2011, the turnover of the Group decreased by approximately 16% to approximately HK\$6,180,000 from approximately HK\$7,179,000 in the corresponding period in 2010 where the Group recognised revenues from a client which accounted for approximately 73.69% of the total revenue recognized during the six month period ended 30 September 2010. In addition, the Group had to focus on its listing preparation on the GEM of the Stock Exchange during the six month period ended 30 September 2011.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)**Financial Review (Continued)*****Results (Continued)***

As the Group was expanding and getting listed, the Group's administrative and operating expenses for the six months ended 30 September 2011 increased by approximately 88.11% to approximately HK\$2,357,000 compared to approximately HK\$1,253,000 for the corresponding period last year. The increase was mainly attributed to the higher level of staff complement. The remuneration was determined with reference to market norms and individual employees' performance, qualification and experience. Other staff benefits included contributions to mandatory provident fund scheme in Hong Kong and medical benefit.

The Group's profit attributable to owners for the six months ended 30 September 2011 decreased by approximately 34.96% to approximately HK\$3,269,000 compared to approximately HK\$5,026,000 for the corresponding period last year. Such decrease was mainly attributable to the decrease in the level of turnover and the increase in administrative and operating expenses.

Liquidity, financial resources and capital structure

During the six months ended 30 September 2011, the Group mainly financed its operations with its own working capital.

As at 30 September 2011, the Group had net current assets of approximately HK\$9,178,000 (31 March 2011: approximately HK\$11,892,000), including cash and bank balances of approximately HK\$7,734,000 (31 March 2011: approximately HK\$16,239,000). Prepayment of approximately HK\$2.85 million was paid to various professional parties as listing expenses of the Group, and interim dividends of HK\$6 million were declared and paid on 9 May 2011, which also led to net cash outflow from financing activities for the six months ended 30 September 2011. Current ratio as at 30 September 2011 was approximately 3.9 (31 March 2011:3.6).

As at 30 September 2011, the Group had no borrowing. Therefore, the gearing ratio of the Group, calculated as total debt over total asset, was nil as at 30 September 2011 (31 March 2011: Nil) as the provision of the financial services in general is labor intensive and does not involve material capital expenditures which may need to be financed by long term loans.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Financial Review (Continued)

Liquidity, financial resources and capital structure (Continued)

For the six months ended 30 September 2011, the Group had minimal exposure in foreign currency risk as most of the business transactions, assets and liabilities were denominated in Hong Kong dollars. The Group will continue to monitor its foreign currency exposure closely.

CAPITAL COMMITMENTS

As at 30 September 2011, the Group did not have any significant capital commitments (31 March 2011: Nil)

FOREIGN EXCHANGE EXPOSURE

The Group continues to adopt a conservative treasury policy with all bank deposits being kept in Hong Kong dollars, keeping a minimum exposure to foreign exchange risks.

TREASURY POLICIES

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluation of the financial conditions of its clients. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

PLEDGE OF ASSETS

As at 30 September 2011, the Group did not pledge any of its assets (31 March 2011: nil) as securities for the banking facilities granted to the Group

CAPITAL STRUCTURE

The shares of the Company were listed on GEM of the Stock Exchange on 12 October 2011. There has been no change in the capital structure of the Company since that date. The capital of the Company comprises of ordinary shares.

SIGNIFICANT INVESTMENTS HELD

Except for investment in subsidiaries, during the six months ended 30 September 2011, the Group did not hold any significant investment in equity interest in any company.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the Company's Prospectus, the Group did not have other plans for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the six months ended 30 September 2011, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 September 2011 (31 March 2011: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2011, the Group had 17 full-time employees (31 March 2011: 8 full-time employees and 5 part-time, commission-based employees), including the Directors. Total employee benefit expenses (including Directors' emoluments) were approximately HK\$1,359,000 for the six months ended 30 September 2011 as compared to approximately HK\$731,000 for the six months ended 30 September 2010. Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. Discretionary bonuses will be paid to employees with reference to the financial performance of the Group in the preceding financial year as recognition of and reward for their contributions. Other benefits include contributions to statutory mandatory provident fund scheme and medical benefit to its employees in Hong Kong.

OUTLOOK

Despite the recent unfavourable sentiment in the global economy, the Group is optimistic and sees potential opportunities in the corporate finance advisory services industry. The Group believes that strengthening and enlarging its range of services is crucial to its long-term success. As for the future, the Group will continue to focus on its core business, that is, the provision of corporate finance advisory services mainly to listed and non-listed companies in Hong Kong and the PRC.

A series of new development plans are being undergone with an aim to realise the synergy effect to the Group. In the second half of this financial year, the Group will seek to execute its plan as set out under the paragraph headed "Implementation plan" in the section headed "Future plans and prospects" to the Prospectus:

Enhancement of technical competence	Expansion of the alliance network	Improvement of public awareness and brand building	Provision of a wider range of financial services and engagement in investment
Recruit additional staff	Formulate network building strategies	Participate in seminars with regard to corporate finance advisory services	Prepare to set up asset management division and formulate development strategies
Provide regular training to staff	Publish and circulate newsletters or periodic magazines to strategic partners	Publish newsletters or periodicals for promotion	Prepare to set up equity capital market division and formulate development strategies

OUTLOOK (CONTINUED)

Enhancement of technical competence	Expansion of the alliance network	Improvement of public awareness and brand building	Provision of a wider range of financial services and engagement in investment
Enhance computer and network systems		Prepare to set up marketing and public relations department	Formulate business expansion plan on corporate finance advisory and other value-added consulting services to both listed or non-listed corporate clients
			Raise fund from high net worth individuals and institutional investors
			Create a cash reserve of HK\$2.5 million for project investment

Looking ahead, the Group will continue to streamline its existing business operations and to explore other business opportunities which are in line with the Group's development strategy and will provide long-term benefits to the Company's shareholders.

COMPARISON BETWEEN FUTURE PLANS AND PROSPECTS AND ACTUAL BUSINESS PROGRESS AND USE OF PROCEEDS

The net proceeds from the Placing were approximately HK\$30 million. As the Company's shares were listed on GEM of the Stock Exchange on 12 October 2011, no proceeds raised from the placing of the shares were applied to the Company's business up to 30 September 2011. The future plans and prospects as stated in the Prospectus were based on the estimation of the future business opportunities made by the Group at the time of preparing the Prospectus. As of the date of this report, the Directors are not aware of material change to the planned use of the proceeds as stated in the Prospectus.

SHARE OPTION SCHEME

The Company has conditionally adopted the share option scheme (the "Scheme") on 21 September 2011 under which certain selected classes of participants (including, among others, full-time employees) may be granted options to subscribe for the Company's shares. The principal terms of the Scheme are summarised in the paragraph headed "Share Option Scheme" in Appendix V to the Prospectus.

From the adoption date of the Scheme to 30 September 2011, no share option was granted, exercised or lapsed under the Scheme.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

The Company's shares were listed on GEM of the Stock Exchange on 12 October 2011. As at the date of this report, the interests and short positions of each Director and chief executive officer of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) ("SFO")) which were 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 or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange, were as follows:

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION (CONTINUED)

Long positions in the Company

Name of Director and chief executive officer	Capacity	Number of ordinary shares held	Number of underlying shares pursuant to share option	Aggregate interests	Approximate percentage of shareholding in the Company
Mr. Wong	Interest of controlled corporation	300,000,000 <i>(Note)</i>	–	300,000,000	60.00%

Note: These shares are registered in the name of Kate Glory Limited. Mr. Wong is the beneficial owner of 100% of the issued share capital of Kate Glory Limited. Mr. Wong is deemed to be interested in 300,000,000 shares of the Company held by Kate Glory Limited.

Save as disclosed above, as at the date of this report, none of the Directors and chief executive of the Company had any other interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO) which were 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 or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at the date of this report, so far as was known to the Directors, the following persons/entities (other than the Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any member of the Group were as follows:

Long positions in the Company

Name of shareholder	Capacity	Number of ordinary shares held	Approximate percentage of shareholding in the Company
Kate Glory Limited (<i>Note</i>)	Beneficial owner	300,000,000	60.00%

Note: Kate Glory Limited is an investment holding company incorporated in the BVI with limited liability, its entire issued share capital is wholly and beneficially owned by Mr. Wong.

Save as disclosed above, as at the date of this report, the Directors were not aware of any other persons/entities (other than the Directors and chief executive of the Company) who had interests or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or who is directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any member of the Group.

DIRECTOR'S RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the reporting period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate granted to any directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the directors, their respective spouse or children under 18 years of age to acquire such rights in the Company or any other body corporate.

PURCHASE, REDEMPTION OR SALE OF THE LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries, has purchased, redeemed or sold any of the Company's listed shares during the six months ended 30 September 2011.

INTERESTS OF THE COMPLIANCE ADVISER

As notified by the joint compliance adviser of the Company, Grand Vinco Capital Limited and Ample Capital Limited (the "Joint Compliance Adviser"), except for the agreement entered into between the Company and the Joint Compliance Adviser dated 28 September 2011, Grand Vinco Capital Limited and Ample Capital Limited also acted as joint sponsors to the Company for its initial public offering. Neither the Joint Compliance Adviser or its directors, employees or associates had any interests in relation to the Group.

DIRECTOR'S INTERESTS IN COMPETING INTERESTS

As at the date of this report, none of the Directors, the management shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) had any interest in a business which causes or may cause a significant competition with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by 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. Having made specific enquiry of all directors, the Company was not aware of any non-compliance with such required standard of dealings and its code of conduct regarding securities transactions by directors during the six months ended 30 September 2011.

CODE OF CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied with all the code provisions as set out in Appendix 15 to the GEM Listing Rules from the date of Listing up to 11 November 2011, except code provision A.2.1 which provides that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The Board considers that the Company is still in its growing stage and it would be beneficial to the Group for Mr. Wong to assume both roles as the chief executive officer and executive chairman of the Company, since the two roles tend to reinforce each other and are mutually enhancing in respect of the Group's continual growth and development. When the Group has developed to a more sizeable organization, the Board will consider splitting the two roles. With the strong business experience of the Directors, they do not expect any issues would arise due to the combined role of Mr. Wong. The Group also has in place an internal control system to perform the check and balance function.

AUDIT COMMITTEE

The Company set up an audit committee (the "Committee") on 21 September 2011, 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 four independent non-executive directors of the Company, namely Mr. Chiu Chi Kong, Mr. Lau Ling Tak, Mr. William Robert Majcher and Mr. Yau Yan Ming Raymond. The unaudited consolidated results of the Group for the six months ended 30 September 2011 have not been audited by the Company's auditors, but have been reviewed by the Committee, who is of the opinion that the interim financial statements comply with the applicable accounting standards, the Stock Exchange and legal requirements, and that adequate disclosures have been made.

By Order of the Board
Chanceton Financial Group Limited
Wong Kam Wah
Chairman

Hong Kong, 11 November 2011

As at the date of this report, the executive Directors are Mr. Wong Kam Wah (Chairman), Mr. Wong Hon Kit, Dr. Cheung Victor Chor Keung and Mr. Leung Man Kit, and the independent non-executive Directors are Mr. Chiu Chi Kong, Mr. Lau Ling Tak, Mr. William Robert Majcher and Mr. Yau Yan Ming Raymond.