



**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 Third Quarterly 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.**

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*This report, for which the directors (“Directors”) of Chanceton Financial Group Limited (the “Company”, together with its subsidiaries, the “Group”) 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

- The Company's shares were successfully listed on GEM of the Stock Exchange on 12 October 2011.
- Unaudited revenue of the Group for the nine months ended 31 December 2011 amounted to approximately HK\$8,643,000, representing a decrease of approximately 8.99% over the corresponding period in 2010.
- For illustrative purposes only, excluding the one-off non-recurring listing expenses, unaudited operating profit of the Group for the nine months ended 31 December 2011 amounted to approximately HK\$4,731,000, representing a decrease of approximately 38.16% over the corresponding period in 2010.
- Due to (i) one-off non-recurring listing expenses incurred of approximately HK\$3,859,000 in connection with the successful listing of the Company on GEM of the Stock Exchange on 12 October 2011 (the "Listing"); (ii) significant increase in administrative and operating expenses and professional fees by approximately 100.69% to approximately HK\$4,094,000 due to expansion of the Group throughout the period and additional administrative and operating expenses and professional fees incurred after the Listing to comply with the GEM Listing Rules; and (iii) a subsidiary of the Company had incurred income tax expenses of approximately HK\$860,000, unaudited consolidated profit attributable to owners of the Group for the nine months ended 31 December 2011 decreased by approximately 99.84% to approximately HK\$10,000. (2010: approximately 6.38 million)
- Prior to the Listing, a subsidiary of the Company declared and paid an interim dividend of HK\$6 million on 9 May 2011. The Directors of the Company do not recommend the payment of a dividend for the nine months ended 31 December 2011.

### THIRD QUARTERLY RESULTS (UNAUDITED)

The board of Directors (the "Board") is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the nine months ended 31 December 2011, together with the unaudited comparative figures for the corresponding period in 2010, as follows:

#### CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months and nine months ended 31 December 2011

		Three months ended 31 December		Nine months ended 31 December	
		2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
	Notes				
<b>Revenue</b>	3	<b>2,463</b>	2,318	<b>8,643</b>	9,497
Other income and gains	3	<b>18</b>	65	<b>182</b>	194
Administrative and operating expenses		<u>(1,737)</u>	(787)	<u>(4,094)</u>	(2,040)
Operating profit		<b>744</b>	1,596	<b>4,731</b>	7,651
Expenses incurred in connection with the Listing		<u>(3,859)</u>	–	<u>(3,859)</u>	–
<b>(Loss)/Profit before income tax</b>	4	<b>(3,115)</b>	1,596	<b>872</b>	7,651
Income tax expenses	5	<u>(145)</u>	(276)	<u>(862)</u>	(1,269)
<b>(Loss)/Profit for the period attributable to owners of the Company</b>		<u><b>(3,260)</b></u>	1,320	<u><b>10</b></u>	6,382
Dividends	6	<u>–</u>	–	<u><b>6,000</b></u>	1,900
<b>(Loss)/Earnings per share attributable to owners of the Company</b>	7				
Basic and diluted (Hong Kong cents)		<u><b>(0.741)</b></u>	0.264	<u><b>0.007</b></u>	1.276

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 31 December 2011

	Three months ended		Nine months ended	
	31 December		31 December	
	2011	2010	2011	2010
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>(Loss)/Profit for the period</b>	<b>(3,260)</b>	1,320	<b>10</b>	6,382
Other comprehensive income for the period, net of tax	—	—	—	—
<b>Total comprehensive income for the period</b>	<b>(3,260)</b>	1,320	<b>10</b>	6,382
<b>Total comprehensive income for the period attributable to owners of the Company</b>	<b>(3,260)</b>	1,320	<b>10</b>	6,382

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

*For the nine months ended 31 December 2011*

	Attributable to owners of the Company				
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Other reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
<b>At 1 April 2011 (audited)</b>	<b>530</b>	<b>-</b>	<b>-</b>	<b>11,616</b>	<b>12,146</b>
Total comprehensive income for the period	-	-	-	10	10
Effect of Company's reorganisation	(529)	-	529	-	-
Interim dividend paid	-	-	-	(6,000)	(6,000)
Effect of capitalisation issue	3,799	(3,799)	-	-	-
Issue of new shares upon listing	1,200	34,800	-	-	36,000
Transaction costs attributable to issue of new shares	-	(1,545)	-	-	(1,545)
<b>At 31 December 2011 (unaudited)</b>	<b>5,000</b>	<b>29,456</b>	<b>529</b>	<b>5,626</b>	<b>40,611</b>
At 1 April 2010 (audited)	1	-	-	2,203	2,204
Total comprehensive income for the period	-	-	-	6,382	6,382
Issue of shares	19	-	-	-	19
Interim dividend paid	-	-	-	(1,900)	(1,900)
At 31 December 2010 (unaudited)	20	-	-	6,685	6,705

## **NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED THIRD QUARTERLY RESULTS**

*For the nine months ended 31 December 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 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 third quarterly financial statements of the Company for the nine months ended 31 December 2011 (the "Third Quarterly Financial Statements") have been prepared in accordance with Hong Kong Accounting Standard 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 Third Quarterly Financial Statements 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 Third Quarterly Financial Statements 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.

The Third Quarterly Financial Statements are presented in Hong Kong dollars ("HK\$") except when otherwise indicated.

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

### *Adoption of New and Revised HKFRSs*

In the current third quarterly 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 Third Quarterly Financial Statements.

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

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

<sup>1</sup> Effective for annual periods beginning on or after 1st January 2013

<sup>2</sup> 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		Nine months ended	
	31 December	31 December	31 December	31 December
	2011	2010	2011	2010
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Revenue</b>				
Corporate finance advisory income	<u>2,463</u>	<u>2,318</u>	<u>8,643</u>	<u>9,497</u>
	<b>2,463</b>	<b>2,318</b>	<b>8,643</b>	<b>9,497</b>
Other income and gains				
Management fee income	18	65	153	153
Exchange gain	-	-	-	6
Others	<u>-</u>	<u>-</u>	<u>29</u>	<u>35</u>
	<b>18</b>	<b>65</b>	<b>182</b>	<b>194</b>

#### 4. (Loss)/PROFIT BEFORE TAX

The Group's (loss)/profit before tax is arrived at after charging the following:

	Three months ended 31 December		Nine months ended 31 December	
	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	995	313	2,311	1,025
– Pension scheme contributions*	28	11	71	30
Total employee benefit expenses	<u>1,023</u>	<u>324</u>	<u>2,382</u>	<u>1,055</u>
(b) Depreciation	30	26	89	71
(c) Minimum lease payment under operating lease:				
– Property rental	165	166	496	384
(d) Expenses incurred in connection with the Listing	<u>3,859</u>	<u>–</u>	<u>3,859</u>	<u>–</u>

\* As at 31 December 2010 and 2011, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years.

#### 5. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) for the three months and nine months ended 31 December 2011 and 2010.

	Three months ended 31 December		Nine months ended 31 December	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Current tax	<u>145</u>	<u>276</u>	<u>862</u>	<u>1,269</u>

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

## 6. DIVIDENDS

	Three months ended		Nine months ended	
	31 December		31 December	
	2011	2010	2011	2010
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interim dividends distributed by subsidiaries (Note)	-	-	<b>6,000</b>	1,900

*Note:* The amount represented interim dividends declared and paid by the Company's subsidiaries to their then shareholder prior to the Listing during the nine months ended 31 December 2011 and 2010. The dividend rate are not presented as such information is considered not meaningful for the purpose of the Third Quarterly Financial Statements.

## 7. EARNINGS PER SHARE

The calculation of basic earnings per share for the nine months ended 31 December 2011 is based on the unaudited profit attributable to the owners of the Company for the nine months ended 31 December 2011 of approximately HK\$10,000 and the weighted average of 147,272,736 ordinary shares in issue throughout the nine months ended 31 December 2011.

The calculation of basic loss per share for the three months ended 31 December 2011 is based on the unaudited loss attributable to the owners of the Company for the three months ended 31 December 2011 of approximately HK\$3,260,000 and the weighted average of 440,217,403 ordinary shares in issue throughout the three months ended 31 December 2011.

The calculation of basic earnings per share for the three months and nine months ended 31 December 2010 are based on the profit attributable to the owners of the Company for the three months and nine months ended 31 December 2010 respectively 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.

There were no potential dilutive ordinary shares for each of the three months and nine months ended 31 December 2011 and 2010, and therefore, diluted earnings per share were the same as the basic earnings per share.

## 8. APPROVAL OF THIRD QUARTERLY FINANCIAL STATEMENTS

The Third Quarterly Financial Statements were approved and authorised for issue by the Board on 10 February 2012.

## **DIVIDEND**

Prior to the Listing, 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 a dividend for the nine months ended 31 December 2011.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Business Review**

The Company's shares were successfully listed on GEM of the Stock Exchange on 12 October 2011.

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.

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. Throughout the nine months ended 31 December 2011, despite our focus on our listing preparation on GEM of the Stock Exchange during the period from April to October in 2011, we have entered into 18 new engagements with our clients, of which 14 engagements were related to advising on the Listing Rules, the GEM Listing Rules and the Takeovers Code, 1 engagement was related to acting as independent financial adviser to transactions of listed issuers falling under the Listing Rules, the GEM Listing Rules and the Takeovers Code, 2 engagements were related to advising on M&A activities and other corporate activities and 1 engagement was related to advising on corporate resumption. Among the 18 new engagements, 8 of the clients were newly explored throughout the nine months ended 31 December 2011 as a result of our significant effort on marketing. The Company's directors and management will dedicate their best effort to lead the Group to strive for the best interests for its shareholders.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### Business Review (Continued)

Throughout the nine months ended 31 December 2011, we have completed 10 transactions from our new and existing engagements, of which 7 transactions were related to advising on the Listing Rules, the GEM Listing Rules and the Takeovers Code, 1 transaction was related to acting as independent financial adviser to transactions of listed issuers falling under the Listing Rules, the GEM Listing Rules and the Takeovers Code and 2 transactions were related to advising on corporate resumption. In respect of corporate finance advisory services in advising on the Listing Rules, the GEM Listing Rules and the Takeovers Code in relation to a whitewash waiver transaction, we, acting as financial adviser to our client (offeree), had successfully completed the transaction and our client had successfully raised approximately HK\$1 billion.

### Financial Review

#### Results

For the nine months ended 31 December 2011, turnover of the Group decreased by approximately 8.99% to approximately HK\$8,643,000 from approximately HK\$9,497,000 in the corresponding period in 2010 where the Group recognised revenues from a client which accounted for approximately 55.7% of the total revenues recognised during the nine months ended 31 December 2010. In addition, the Company had to focus on its listing preparation on the GEM of the Stock Exchange during the period from April to October in 2011 which to a certain extent, affected the Group's turnover in that period. Following the successful listing of the Company on GEM of the Stock Exchange on 12 October 2011, the Company's directors and management immediately dedicated their best effort to complete existing engagements, explore new engagement from its existing clients as well as broadening client network. Turnover of the Group for the three months ended 31 December 2011 increased by approximately 6.26% to approximately HK\$2,463,000 from approximately HK\$2,318,000 in the corresponding period in 2010.

The Group's administrative and operating expenses for the nine months ended 31 December 2011 increased by approximately 100.69% to approximately HK\$4,094,000 compared to approximately HK\$2,040,000 for the corresponding period in 2010. The increase was mainly attributed to the increase in total employee benefit expenses. During the period under review, the Group's total employee benefit expenses was approximately HK\$2,382,000 (2010: approximately HK\$1,055,000), representing an increase of approximately 125.78%. The increase in total employee benefit expenses and other administrative and operating expenses were primarily due to the expansion of the Group and the incurrence of additional administrative and operating expenses and professional fees (including but not limited to, remuneration to independent non-executive Directors, compliance advisers fees) after the Listing in order to comply with the GEM Listing Rules.

## **MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)**

### **Financial Review (Continued)**

#### ***Results (Continued)***

The Group's operating profit (excluding one-off non-recurring listing expenses of approximately HK\$3,859,000) for nine months ended 31 December 2011 decreased by approximately 38.16% to approximately HK\$4,731,000 compared to approximately HK\$7,651,000 for the corresponding period last year.

The Group's profit attributable to owners of the Company for the nine months ended 31 December 2011 decreased by approximately 99.84% to approximately HK\$10,000 compared to approximately HK\$6,382,000 for the corresponding period last year. Such decrease was mainly attributable to (1) the recognition of one-off non-recurring listing expenses of approximately HK\$3,859,000 upon listing of the Company on GEM of the Stock Exchange on 12 October 2011; (2) the increase in the Group's administrative and operating expenses of approximately HK\$2,054,000 throughout the nine months ended 31 December 2011; and (3) the income tax expense incurred by a subsidiary of the Company of approximately HK\$862,000 for the nine months ended 31 December 2011. The one-off non-recurring listing expenses represented approximately 48.52% of the total cost incurred by the Group during the nine months ended 31 December 2011.

### **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 31 December 2011, the Group did not pledge any of its assets (31 March 2011: nil) as securities for the banking facilities granted to the Group

## EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2011, the Group had 14 full-time employees, including Directors. Total employee benefit expenses (including Directors' emoluments) were approximately HK\$2,382,000 for the nine months ended 31 December 2011 as compared to approximately HK\$1,055,000 for the nine months ended 31 December 2010. Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. Year-end bonus based on individual performance will be paid to employees 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 realising the synergy effect to the Group. Going forward in the last quarter of this fiscal year, the Group will execute its development plans as set out under the paragraph headed "Implementation plan" in the section headed "Future plans and prospects" to the Prospectus:

<b>Enhancement of technical competence</b>	<b>Expansion of the alliance network</b>	<b>Improvement of public awareness and brand building</b>	<b>Provision of a wider range of financial services and engagement in investment</b>
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

**OUTLOOK (CONTINUED)**

<b>Enhancement of technical competence</b>	<b>Expansion of the alliance network</b>	<b>Improvement of public awareness and brand building</b>	<b>Provision of a wider range of financial services and engagement in investment</b>
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
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



## 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 31 December 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

As at 31 December 2011, the interests and short positions of each Director and chief executive 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:

### Long positions in the Company

Name of Director and chief executive	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 (Note)	–	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.

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

Save as disclosed above, as at 31 December 2011, 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 31 December 2011, 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**

<b>Name of shareholders</b>	<b>Capacity</b>	<b>Number of ordinary shares held</b>	<b>Approximate percentage of shareholding in the Company</b>
Kate Glory Limited ( <i>Note</i> )	Beneficial owner	300,000,000	60.00%
Man Wing Yee Ginny	Beneficial owner	41,110,000	8.22%

*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 Kam Wah ("Mr. Wong").

**SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES (CONTINUED)**

Save as disclosed above, as at 31 December 2011, 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 nine months ended 31 December 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"), neither the Joint Compliance Adviser or their directors, employees or associates had any interests in the share capital of the Group (including options or rights to subscribe for such securities) as at 31 December 2011.

## **DIRECTOR'S INTERESTS IN COMPETING INTERESTS**

During the nine months ended 31 December 2011, none of the Directors, the management shareholders or substantial 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 nine months ended 31 December 2011.

## **CODE OF CORPORATE GOVERNANCE PRACTICES**

In the opinion of the Directors, the Company has complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules (the "CG Code") as set out in Appendix 15 to the GEM Listing Rules throughout the nine months ended 31 December 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, 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 nine months ended 31 December 2011 have not been audited by the Company's auditors, but have been reviewed by the Committee, who is of the opinion that the Third Quarterly 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, 10 February 2012

*As at the date of this report, the executive Directors are Mr. Wong Kam Wah (Chairman), 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.*

*This report will remain on the GEM website ([www.hkgem.com](http://www.hkgem.com)) and on the "Latest Company Reports" page for at least 7 days from the date of its posting. This report will also be published on the Company's website ([www.chanceton.com](http://www.chanceton.com)).*