



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)



First Quarterly Report **2013**

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.

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 three months ended 30 June 2013 amounted to HK\$2,180,000, representing a decrease of approximately 30.6% over the corresponding period in 2012.
- The Group recorded an unaudited consolidated loss attributable to owners of the Company for the three months ended 30 June 2013 of approximately HK\$5,611,000 as compared to a gain of approximately HK\$1,407,000 in corresponding period in 2012. The loss was mainly attributable to (i) share of amortisation of intangible assets and loss of an associated company of the Company amounting to approximately HK\$5.40 million; and (ii) imputed interest incurred in respect of the convertible bonds in relation to the acquisition of 20% equity interest in Revenue Synthesis Limited dated 24 August 2012 amounting to approximately HK\$1.17 million.
- **The Board wishes to draw the attention of the shareholders of the Company and potential investors to the fact that the abovementioned share of amortisation of intangible assets and loss from an associated company of the Company and the imputed interest incurred relating to the convertible bonds are non-cash in nature and will not have any impact on the cash flow of the Group. The Group remains in a healthy and solid financial condition. For illustrative purposes only, excluding these non-cash items, the Group would have recorded an operating profit of approximately HK\$0.98 million for the three months ended 30 June 2013.**
- Loss per share of the Company for the three months ended 30 June 2013 was HK\$0.25 cents.
- The Directors do not recommend the payment of a dividend for the three months ended 30 June 2013.

FIRST QUARTERLY RESULTS (UNAUDITED)

The board of Directors (the "Board") of Chanceton Financial Group Limited 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 ended 30 June 2013, together with the unaudited comparative figures for the three months ended 30 June 2012, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 30 June 2013

	<i>Notes</i>	2013 HK\$'000	2012 <i>HK\$'000</i> (Restated)
Revenue	<i>3</i>	2,180	3,140
Other revenue	<i>3</i>	26	62
Administrative and operating expenses		(1,281)	(1,467)
Finance cost	<i>4</i>	(1,172)	–
Share of result of an associate		(5,399)	–
(Loss)/profit before tax	<i>5</i>	(5,646)	1,735
Income tax	<i>6</i>	35	(328)
(Loss)/profit for the year		(5,611)	1,407
Other comprehensive loss, net of tax			
Share of changes in other comprehensive income in an associate		(4)	–
Other comprehensive loss for the year, net of tax		(4)	–
Total comprehensive (loss)/income for the year		(5,615)	1,407
(Loss)/income attributable to owners of the Company for the year		(5,611)	1,407
Total comprehensive (loss)/income attributable to owners of the Company for the year		(5,615)	1,407
(Loss)/earnings per share	<i>8</i>		
Basic and diluted (HK cents)		(0.25)	0.06

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2013

	Attributable to owners of the Company						Total equity <i>HK\$'000</i>
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Other reserve <i>HK\$'000</i>	Exchange translation reserve <i>HK\$'000</i>	Convertible bond reserve <i>HK\$'000</i>	Retained profits/ (Accumulated losses) <i>HK\$'000</i>	
At 1 April 2013 (audited)	5,550	140,781	26,360	(3)	22,856	(1,469)	194,075
Loss for the period	-	-	-	-	-	(5,611)	(5,611)
Other comprehensive loss for the period	-	-	-	(4)	-	-	(4)
Issue on bonus shares on the basis of three (3) bonus shares for every one (1) existing share held	16,650	(16,650)	-	-	-	-	-
At 30 June 2013 (unaudited)	22,200	124,131	26,360	(7)	22,856	(7,080)	188,460
At 1 April 2012 (audited)	5,000	29,456	529	-	-	7,699	42,684
Total comprehensive income for the period	-	-	-	-	-	1,407	1,407
At 30 June 2012 (unaudited)	5,000	29,456	529	-	-	9,106	44,091

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FIRST QUARTERLY RESULTS

For the three months ended 30 June 2013

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 People's Republic of China (the "PRC").

2. BASIS OF PRESENTATION AND PRINCIPAL ACCOUNTING POLICIES

The Group's unaudited condensed consolidated first quarterly financial statements for the three months ended 30 June 2013 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 principal accounting policies used in the Group's unaudited condensed consolidated first quarterly financial statements are consistent with those adopted in the annual consolidated financial statements for the year ended 31 March 2013 and these unaudited condensed consolidated first quarterly financial statements should be read in conjunction with such annual consolidated financial statements.

The Group's unaudited condensed consolidated first quarterly financial statements for the three months ended 30 June 2013 have been prepared under the historical cost convention, except for certain financial assets and liabilities which have been measured at fair values. The Group's unaudited condensed consolidated first quarterly financial statements for the three months ended 30 June 2013 are presented in Hong Kong dollars ("HK\$") except when otherwise indicated. The Group has adopted new or revised standards, amendments to standards and interpretations of Hong Kong Financial Reporting Standards ("new HKFRSs") which are effective for accounting periods commencing on or after 1 April 2012. The adoption of such new HKFRSs does not have material impact on the condensed consolidated financial statements and does not result in substantial changes to the Group's accounting policies.

The condensed consolidated financial statements have not been audited by the Company's auditors, have been reviewed by the Company's audit committee.

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 June	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Revenue		
Corporate finance advisory income	<u>2,180</u>	<u>3,140</u>
	<u>2,180</u>	<u>3,140</u>
Other income and gains		
Management fee income	11	10
Others	<u>15</u>	<u>52</u>
	<u>26</u>	<u>62</u>

4. FINANCE COSTS

	Three months ended 30 June	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Imputed interest on convertible bond	<u>1,172</u>	<u>–</u>

5. (loss)/PROFIT BEFORE TAX

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

	Three months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
(a) Employee benefit expenses (including Directors' remuneration)		
– Wages, salaries, allowances and bonus	933	891
– Pension scheme contributions*	34	30
	967	921
(b) Depreciation	19	30
(c) Minimum lease payment under operating leases:		
– Property rental	190	185

* As at 30 June 2013 and 2012, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years.

6. INCOME TAX EXPENSES

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) for the three months ended 30 June 2013.

	Three months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax	158	328
Deferred tax	(193)	–
	(35)	328

The tax (credit)/charge for the period can be reconciled to the (loss)/profit before tax as follows:

	For the three months ended 30 June			
	2013 (Unaudited)		2012 (Unaudited)	
	HK\$'000	%	HK\$'000	%
(Loss)/profit before tax	<u>(5,646)</u>		<u>1,735</u>	
Tax expenses at the Hong Kong Profits Tax rate of 16.5%	(932)	(16.5)	286	16.5
Tax effect of expenses not deductible for tax purposes	897	15.9	6	0.3
Tax effect of tax losses not recognised	<u>-</u>	<u>-</u>	<u>36</u>	<u>2.1</u>
Tax (credit)/charge for the period	<u>(35)</u>	<u>(0.6)</u>	<u>328</u>	<u>18.9</u>

7. DIVIDENDS

The Board does not recommend the payment of any dividend for the three months ended 30 June 2013.

8. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic and diluted (loss)/earnings per share attributable to the owners of the Company is based on the following data:

(Loss)/earnings

	Three months ended 30 June	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
(Loss)/earnings attributable to the owners of the Company for the purpose of basic and diluted earnings per share	<u>(5,611)</u>	<u>1,407</u>

Number of shares

	Three months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	'000	'000
		(restated)
Weighted average number of ordinary shares for the purpose of basic and diluted (loss)/earnings per share <i>(Note)</i>	<u>2,220,000</u>	<u>2,165,000</u>

Note: Diluted (loss)/earnings per share is the same as basic (loss)/earnings per share as there were no potential dilutive ordinary shares outstanding during the three months ended 30 June 2013 and 2012.

9. APPROVAL OF unaudited condensed consolidated FIRST QUARTERLY FINANCIAL STATEMENTS

The unaudited condensed consolidated first quarterly financial statements of the Group were approved and authorised for issue by the Board on 14 August 2013.

DIVIDEND

The Board does not recommend the payment of any dividend for the three months ended 30 June 2013.

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 The Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rule"), the GEM Listing Rules and The Codes on Takeovers and Mergers and Share Repurchases (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 merger(s) and acquisition(s) (the "M&A") activities and other corporate activities; and
- (iv) advising on corporate resumption.

During the period under review, the Group continued to focus on the provision of corporate finance advisory services to its clients. The Group also 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. However, due to the continuous unfavorable sentiment in the global economy and competitions from other competitors, the Group recorded revenue of approximately HK\$2,180,000 for the three months ended 30 June 2013, representing a decrease of approximately 30.6% when compared to the corresponding year in 2012.

With an aim to broaden the income source and diversify the business risk of the Group, the Group had acquired 20% equity interest in Revenue Synthesis Limited on 24 August 2012, which together with its subsidiaries (the "Target Group"), engage in AIDS medication business at an aggregate consideration of approximately HK\$237.5 million payable by way of a combination of consideration shares and convertible bonds. Details were disclosed in the reports of the Company dated 24 August 2012, 29 October 2012 and 5 December 2012.

On 9 May 2013, the Group, Mr. Tsang Yan, Refulgent Sunrise Limited and Revenue Synthesis Limited entered into an acquisition and subscription agreement in relation to the acquisition and subscription of approximately 5% of the enlarged share capital in Revenue Synthesis Limited at a cash consideration of HK\$48 million. The acquisition and subscription was completed on 13 June 2013. Details were disclosed in the reports of the Company dated 9 May 2013 and 13 June 2013.

Following the completion of the acquisition and subscription, the Group is interested in approximately 25% equity interests in Revenue Synthesis Limited. The Directors are of the view that the increase of shareholding in Revenue Synthesis Limited from 20% to approximately 25% under the acquisition and subscription will be beneficial for the Group to diversify its existing business risk and further strengthen its business development and investment in the medical related industry. Also, the capital injection to the Target Group resulting from the acquisition and subscription would provide financial support to the Target Group to fasten its development in AIDS medication business with a view to fasten the realization of investment return for the Group and shareholders of the Company in the future.

On 8 May 2013, the Company completed a bonus issue on the basis of three bonus shares for every existing share held.

On 8 July 2013, the Company, Revenue Synthesis Limited and 北京世紀康醫藥科技開發有限公司, a wholly-owned subsidiary of Revenue Synthesis Limited, entered into an exclusive distribution and management framework contract ("Exclusive Agreement") to grant the Company worldwide exclusive right for 3 years from the signing of the Exclusive Agreement, to act as either exclusive distributor or management consultant for the marketing, distribution and sale of the health supplement, AIDS medication capsule and other related medical and pharmaceutical products and, in return, the Company will resell the products as distributor or counter parties of the Exclusive Agreement shall pay the Company a management fee at a rate to be fixed by formal agreements as management consultant. As at the date of this report, no formal agreements have been entered into among parties of the Exclusive Agreement.

The Company's Directors and management team will continue to dedicate their best effort to lead the Group to strive for the best interests for its shareholders.

Financial Review

Results

For the three months ended 30 June 2013, revenue of the Group decreased by approximately 30.6% to approximately HK\$2,180,000 from approximately HK\$3,140,000 in the corresponding period in 2012.

The Group's administrative and operating expenses for the three months ended 30 June 2013 decreased by approximately 12.7% to approximately HK\$1,281,000 compared to approximately HK\$1,467,000 for the corresponding period in 2012. During the period under review, the Group's total employee benefit expenses and other administrative and operating expenses were approximately HK\$967,000 and HK\$314,000 respectively (2012: approximately HK\$921,000 and HK\$546,000 respectively). The increase in total employee benefit expenses was mainly due to the recruitment of more staff to cope with the Group's expansion and increase in salaries of existing staff. The decrease in other administrative and operating expenses were primarily due to the deduction in marketing expenses and other general office operating expenses.

The Group's loss attributable to owners of the Company for the three months ended 30 June 2013 was approximately HK\$5,611,000 compared to a profit of approximately HK\$1,407,000 for the corresponding period last year. The loss was mainly attributable to (i) share of amortisation of intangible assets and loss of an associated company of the Company amounting to approximately HK\$5.40 million; and (ii) imputed interest incurred in respect of the convertible bonds in relation to the acquisition of 20% equity interest in Revenue Synthesis Limited dated 24 August 2012 amounting to approximately HK\$1.17 million. **The Board wishes to draw the attention of the shareholders of the Company and potential investors to the fact that the abovementioned share of amortisation of intangible assets and loss from an associated company of the Company and the imputed interest incurred relating to the convertible bonds are non-cash in nature and will not have any impact on the cash flow of the Group. The Group remains in a healthy and solid financial condition. For illustrative purposes only, excluding these non-cash items, the Group would have recorded an operating profit of approximately HK\$0.98 million for the three months ended 30 June 2013.**

FOREIGN EXCHANGE EXPOSURE

The Group continues to adopt a conservative treasury policy with all bank deposits being kept in either 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 June 2013, the Group did not pledge any of its assets (30 June 2012: nil) as securities for the banking facilities granted to the Group

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2013, the Group had 16 full-time employees (30 June 2012: 15 full-time employees), including the Directors. Total employee benefit expenses (including Directors' emoluments) were approximately HK\$967,000 for the three months ended 30 June 2013 as compared to approximately HK\$921,000 for the three months ended 30 June 2012. 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. In addition, the Group adopted a share option scheme for eligible employees (including Directors) to provide incentives to participants for their contributions and continuing efforts to promote the interests of the Group.

OUTLOOK

In spite of the continuous unfavourable sentiment in the global economy and the competitive business environment in Hong Kong, we are optimistic and see potential opportunities in the corporate finance advisory services industry. We will continue to pursue our core business, the provision of corporate finance advisory services mainly to listed and non-listed companies in Hong Kong and the PRC, and to strengthen it by enhancing technical competence, expanding the alliance network, improving public awareness, expanding the pre-initial public offering fundraising business for non-listed companies.

The acquisition of Revenue Synthesis Limited, which engaging in AIDS medication business represents an important milestone to the Group given the huge market potential in the AIDS medication industry. The Group will continue to explore opportunities in AIDS medication industry as well as other related medical and pharmaceutical business and will continue to seek for any possible acquisitions, including but not limited to, medical related business when opportunities arise which is in line with the aim to broaden the income source and diversify the business risk of the Group.

The Company's Directors and management will continue to dedicate their best effort to lead the Group to strive for the best interests for its shareholders.

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 of the Company dated 28 September 2011.

From the adoption date of the Scheme to 30 June 2013, 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 30 June 2013, 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	Type of interests	Number of ordinary shares held	Number of underlying shares held	Approximate percentage of shareholding in the Company
Ms. Ho Chiu Ha Maisy (Note 1)	Beneficial owner	336,000,000	–	15.14%
	Interest of a controlled corporation	100,000,000	300,000,000	18.02%
Mr. Wong Kam Wah (Note2)	Interest of a controlled corporation	960,000,000	–	43.24%
Mr. Tsang Yan (Note 1)	Interest of a controlled corporation	100,000,000	300,000,000	18.02%
Ms. Man Wing Yee Ginny	Beneficial owner	190,040,000	–	8.56%

Note(s):

1. Ms. Ho Chiu Ha Maisy has a total interest in 736,000,000 shares/underlying shares (representing an aggregate of approximately 33.16% shareholding in the Company), of which (i) 100,000,000 shares were allotted to Refulgent Sunrise Limited, a company owned as to 36% by Ms. Ho Chiu Ha Maisy and it is an approximately 75% shareholder of Revenue Synthesis Limited, an associated corporation of the Company. As a result, Ms. Ho Chiu Ha Maisy is deemed to be interested in the approximately 75% shareholding in Revenue Synthesis Limited and the 100,000,000 shares of the Company through Refulgent Sunrise Limited by virtue of the SFO; (ii) Ms. Ho Chiu Ha Maisy personal held 336,000,000 shares; and (iii) 300,000,000 shares relate to her derivative interests in convertible bonds through her shareholding in Refulgent Sunrise Limited. Details of which are disclosed in "Convertible Bonds" below.
2. These shares are registered in the name of Kate Glory Limited. Mr. Wong Kam Wah is the beneficial owner of 100% of the issued share capital of Kate Glory Limited. By virtue of the SFO, Mr. Wong Kam Wah is deemed to be interested in 960,000,000 shares held by Kate Glory Limited.
3. Mr. Tsang Yan has a total interest in 400,000,000 shares/underlying shares, of which (i) 100,000,000 shares were allotted to Refulgent Sunrise Limited, a company owned as to 64% by Mr. Tsang Yan and it is an approximately 75% shareholder of Revenue Synthesis Limited, an associated corporation of the Company. As a result, Mr. Tsang Yan is deemed to be interested in the approximately 75% shareholding in Revenue Synthesis Limited and the 100,000,000 shares of the Company through Refulgent Sunrise Limited by virtue of the SFO; and (ii) 300,000,000 shares relate to his derivative interests in Convertible Bonds through his shareholding in Refulgent Sunrise Limited. Details of which are disclosed in "Convertible Bonds" below.

Convertible bonds

Name of bondholder	Date of issue	Conversion period	Conversion price per share <i>HK\$</i>	Outstanding	Number of underlying shares	Approximate
				as at the Latest Practicable Date		percentage of the issued share capital of the Company
Refulgent Sunrise Limited	5 December 2012	5 December 2012 – 4 December 2017	0.625	140,000,000	140,000,000	6.31%
	pending	pending	0.625	160,000,000	160,000,000	7.21%

Save as disclosed above, as at 30 June 2013, 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 30 June 2013, 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 shareholders	Capacity	Number of ordinary shares held	Number of underlying shares held	Approximate percentage of shareholding in the Company
Kate Glory Limited (<i>Note 1</i>)	Beneficial owner	960,000,000	–	43.24%
Ms. Man Wing Yee Ginny	Beneficial owner	190,040,000	–	8.56%
Ms. Ho Chiu Ha Maisy (<i>Note 2</i>)	Beneficial owner	336,000,000		15.14%
Refulgent Sunrise Limited (<i>Note 2</i>)	Beneficial owner	100,000,000	300,000,000	18.02%

Note:

- 1) Kate Glory Limited is an investment holding company incorporated in the British Virgin Islands ("BVI") with limited liability, its entire issued share capital is wholly and beneficially owned by Mr. Wong Kam Wah.
- 2) Refulgent Sunrise Limited is a company incorporated in BVI with limited liabilities and is owned as to 64% by Mr. Tsang Yan and 36% by Ms. Ho Chiu Ha Maisy. As a result, Ms. Ho Chiu Ha Maisy and Mr. Tsang Yan are deemed to be interested in this shareholding through Refulgent Sunrise Limited by virtue of the SFO. Ms. Ho Chiu Ha Maisy personally held 336,000,000 shares. Mr. Tsang Yan personally does not have any interest in shares.

Save as disclosed above, as at 30 June 2013, 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.

DIRECTORS' 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 spouses 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 spouses 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, have purchased, redeemed or sold any of the Company's listed shares during the three months ended 30 June 2013.

INTERESTS OF THE COMPLIANCE ADVISER

As notified by the joint compliance advisers of the Company, Grand Vinco Capital Limited and Ample Capital Limited (the "Joint Compliance Advisers"), neither the Joint Compliance Advisers nor their Directors or employees or associates had any interests in any class of securities of the Company or any other company in the Group (including options or rights to subscribe for such securities) as at 30 June 2013. Pursuant to the agreements dated 28 September 2011 entered into between the Joint Compliance Advisers and the Company, the Joint Compliance Advisers received and will receive fees for acting as the Joint Compliance Advisers.

DIRECTORS' INTERESTS IN COMPETING INTERESTS

During the three months ended 30 June 2013, 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 three months ended 30 June 2013.

CODE OF CORPORATE GOVERNANCE PRACTICES

As at the date of this report, the Company has fully complied with the code provisions as set out in Appendix 15 to the GEM Listing Rules.

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 three independent non-executive Directors, namely Mr. Chiu Chi Kong, Mr. William Robert Majcher and Mr. Yau Yan Ming Raymond (as the Committee chairman) and an executive Director, Mr. Lau Ling Tak. The unaudited condensed consolidated first quarterly financial statements of the Group for the three months ended 30 June 2013 have not been audited by the Company's auditors, but have been reviewed by the Committee, who is of the opinion that the first 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

Chief Executive officer and Executive Director

Hong Kong, 14 August 2013

As at the date of this report, the Company's executive Directors are Ms. Ho Chiu Ha Maisy (Chairman), Mr. Wong Kam Wah, Mr. Tsang Yan, Mr. Lau Ling Tak, Ms. Man Wing Yee Ginny and Mr. Leung Man Kit, and the independent non-executive Directors are Mr. Chiu Chi Kong, Mr. William Robert Majcher and Mr. Yau Yan Ming Raymond.