



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)

2013 Third Quarterly Report





CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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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 nine months ended 31 December 2013 amounted to HK\$8,135,000, representing an increase of approximately 11.55% over the corresponding period in 2012.
- Consolidated loss attributable to owners of the Company for the nine months ended 31 December 2013 was approximately HK\$14,965,000 as compared to a profit of approximately HK\$1,135,000 in corresponding period in 2012. The loss was mainly attributable to (i) share of amortisation of intangible assets and loss of the Company's approximate 25% owned associated group amounting to approximately HK\$16,869,000; (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\$2,357,000; and (iii) fair value gain on contingent consideration payable of approximately HK\$4,550,000 which partially net off the loss incurred.
- **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 the Company's approximate 25% owned associated group 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 position. For illustrative purposes only, excluding these non-cash items, the Group would have recorded an operating profit of approximately HK\$270,000 for the nine months ended 31 December 2013.**
- **Loss per share of the Company for the nine months ended 31 December 2013 was approximately HK\$0.67 cents.**
- **The Directors do not recommend the payment of any dividend for the nine months ended 31 December 2013.**

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 nine months ended 31 December 2013, together with the unaudited comparative figures for the corresponding period in 2012, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 31 December 2013

	Notes	Three months ended 31 December		Nine months ended 31 December	
		2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000 (restated)	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000 (restated)
Revenue	3	2,330	1,983	8,135	7,293
Other revenue	3	13	14	86	107
Administrative and operating expenses		(3,364)	(2,434)	(6,410)	(5,745)
Finance costs	4	–	–	(2,357)	–
Share of results of an associate		(5,867)	–	(16,869)	–
Loss on disposal of financial assets at fair value through profit or loss		(804)	–	(804)	–
Fair value changes on financial assets at fair value through profit or loss		230	–	(260)	–
Change in fair value of contingent consideration payable		–	–	4,550	–
(Loss)/profit before tax	5	(7,462)	(437)	(13,929)	1,655
Income tax	6	(202)	(77)	(1,036)	(520)

	Three months ended		Nine months ended	
	31 December 2013 (Unaudited)	2012 (Unaudited)	31 December 2013 (Unaudited)	2012 (Unaudited)
Notes	HK\$'000	HK\$'000 (restated)	HK\$'000	HK\$'000 (restated)
(Loss)/profit for the period	(7,664)	(514)	(14,965)	1,135
Other comprehensive income, net of tax				
Items that may be subsequently reclassified to profit or loss:				
Share of changes in other comprehensive income in an associate	-	-	16	-
Other comprehensive income for the period, net of tax	-	-	16	-
Total comprehensive (loss)/ income for the period	(7,664)	(514)	(14,949)	1,135
(Loss)/profit attributable to owners of the Company for the period	(7,664)	(514)	(14,965)	1,135
Total comprehensive (loss)/ income attributable to owners of the Company for the period	(7,664)	(514)	(14,949)	1,135
(Loss)/earnings per share attributable to owners of the Company				
Basic and diluted (HK cents)	(0.35)	(0.02)	(0.67)	0.05

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2013

	Attributable to owners of the Company						
	Share capital	Share premium	Other reserve	Exchange translation reserve	Convertible bond reserve	Retained profits/ losses (Accumulated)	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2013 (audited)	5,550	140,781	26,360	(3)	22,856	(1,469)	194,075
Loss for the period	-	-	-	-	-	(14,965)	(14,965)
Other comprehensive income for the period	-	-	-	16	-	-	16
Total comprehensive income/ (loss) for the period	-	-	-	16	-	(14,965)	(14,949)
Issue of bonus shares	16,650	(16,650)	-	-	-	-	-
At 31 December 2013 (unaudited)	22,200	124,131	26,360	13	22,856	(16,434)	179,126
At 1 April 2012 (audited)	5,000	29,456	529	-	-	7,699	42,684
Total comprehensive income for the period	-	-	-	-	-	1,135	1,135
Issue of new shares on completion of acquisition	250	53,500	-	-	-	-	53,750
Issue of convertible bonds	-	-	-	-	60,439	-	60,439
Transaction costs attributable to issue of new shares	-	(150)	-	-	-	-	(150)
At 31 December 2012 (unaudited)	5,250	82,806	529	-	60,439	8,834	157,858

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED THIRD QUARTERLY RESULTS

For the nine months ended 31 December 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 registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The 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 third quarterly financial statements for the nine months ended 31 December 2013 (the "Third Quarterly Accounts") have been prepared in accordance with Hong Kong Accounting Standard and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of the GEM Listing Rules.

The significant judgments made by management in applying the Group's accounting policies and key sources of estimate uncertainty used in the preparation of the Third Quarterly Accounts are consistent with those used in the annual financial statements for the year ended 31 March 2013. The Third Quarterly 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 2013, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

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

3. REVENUE AND OTHER REVENUE

Revenue represents fees income received from corporate finance advisory services rendered during the periods.

	Three months ended 31 December 2013 (Unaudited) HK\$'000		Nine months ended 31 December 2013 (Unaudited) HK\$'000	
	2012 (Unaudited) HK\$'000		2012 (Unaudited) HK\$'000	
Revenue				
Corporate finance advisory income	2,330	1,983	8,135	7,293
	2,330	1,983	8,135	7,293
Other revenue				
Management fee income	10	10	31	51
Sundry income	3	4	55	56
	13	14	86	107

4. FINANCE COSTS

	Three months ended 31 December 2013 (Unaudited) HK\$'000		Nine months ended 31 December 2013 (Unaudited) HK\$'000	
	2012 (Unaudited) HK\$'000		2012 (Unaudited) HK\$'000	
Imputed interest on convertible bond	-	-	2,357	-

5. (LOSS)/PROFIT BEFORE TAX

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

	Three months ended 31 December		Nine months ended 31 December	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Depreciation	16	30	54	89
Minimum lease payment under operating lease:				
– Property rental	260	161	674	482
Employee benefit expenses (including directors' remuneration)				
– Wages, salaries, allowances and bonus	1,372	995	3,464	2,810
– Pension scheme contributions	55	28	142	99
	1,427	1,023	3,606	2,909

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) for the three months and nine months ended 31 December 2013 and 2012.

	Three months ended 31 December		Nine months ended 31 December	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Current tax	6	77	478	520
Deferred tax	196	–	558	–
	202	77	1,036	520

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

7. DIVIDENDS

The Board does not recommend the payment of any dividend for the nine months ended 31 December 2013.

8. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share for each of the three months and nine months ended 31 December 2013 and 2012 are calculated by dividing the (loss)/profit attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the periods.

	For the three months ended 31 December 2013	For the nine months ended 31 December 2013	For the three months ended 31 December 2012 (restated)	For the nine months ended 31 December 2012 (restated)
(Loss)/profit attributable to the owners of the Company	(HK\$7,664,000)	(HK\$14,965,000)	(HK\$514,000)	HK\$1,135,000
Weighted average number of ordinary share in issue	2,220,000,000	2,220,000,000	2,165,000,000	2,165,000,000
(Loss)/earnings per share (HK cents per share)	(0.35)	(0.67)	(0.02)	0.05

The weighted average number of ordinary shares for the purpose of calculating basic and diluted (loss)/earnings per share for the periods ended 31 December 2013 and 2012 have been adjusted for the effect of the completion of bonus issue on the basis of three bonus shares for every one existing share on 8 May 2013. The bonus issue has been reflected retrospectively by restating the opening number of ordinary shares at 1 April 2012.

During the period ended 31 December 2013, the Company's outstanding convertible bond was not included in the calculation of diluted loss per share because the effect of the Company's outstanding convertible bond was anti-dilutive and therefore the diluted loss per share are the same as the basic loss per share.

There was no dilutive potential ordinary share in existence during the period ended 31 December 2012 and therefore the diluted (loss)/earnings per share are the same as the basic (loss)/earnings per share.

9. EVENTS AFTER THE REPORTING PERIOD

On 10 January 2014 (after trading hours), the Company was informed by a notice (the "Notice") delivered by Refulgent Sunrise Limited, the vendor to the Acquisition that Refulgent Sunrise Limited has forfeited all its rights to the remaining of the consideration of the Acquisition, which is the second tranche convertible bonds of principal amount amounting to HK\$100,000,000 with immediate effect as the vendor expects the milestone to be achieved in order to trigger the issue of the second tranche convertible bonds by the Company could not be completed on or before the agreed date of 31 March 2014.

Having considered that the consideration of the Acquisition would be greatly reduced by HK\$100,000,000 for the Acquisition, the Board considers no further action would be required to be taken in response to the Notice and is of the view that it is in the interest of the Company and Shareholders as a whole.

10. APPROVAL OF THIRD QUARTERLY FINANCIAL STATEMENTS

The Third Quarterly Accounts were approved and authorised for issue by the Board on 14 February 2014.

DIVIDEND

The Directors do not recommend the payment of a dividend for the nine months ended 31 December 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;

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Business Review (Continued)

- (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. Despite the continuous unfavourable sentiment in the global economy and the volatile finance market, the Group recorded revenue of approximately HK\$8,135,000 for the nine months ended 31 December 2013, representing an increase of approximately 11.55% when compared to the corresponding period in 2012.

With an aim to broaden the income source and diversify the business risk of the Group, the Group had acquired an aggregate of approximately 25% equity interest in Revenue Synthesis Limited, which together with its subsidiaries (the “Revenue Synthesis Group”) (the “Acquisition”), engage in research and development of the acquired AIDS medication capsule (the “AIDS Medication Capsule”) as well as related medicines and pharmaceutical products in China and owns the patent of the AIDS Medication Capsule. As at 31 December 2013, Revenue Synthesis Group is in the process of initiating and conducting of phase IIb clinical trial phase (the “Phase IIb”) to evaluate the efficacy and safety with a designated quantity of AIDS Medication Capsule for AIDS patients and the Board has been following up closely on the progress of Phase IIb with due care.

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 (Beijing Century Health Medical Technology Development Company Limited*), 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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Business Review (Continued)

With an aim of strengthening the relationship with Revenue Synthesis Group and leveraging on the expertise and network of the Revenue Synthesis Group, including its key operating subsidiary, namely 北京世紀康醫藥科技開發有限公司(Beijing Century Health Medical Technology Development Company Limited*), in the medical and pharmaceutical industry, the Group had on 17 October 2013, invited three reputable medical and pharmaceutical experts in the PRC, namely Academician Zeng, Professor Li and Professor Liu to join our Group in providing professional advice and consultation to our Group's AIDS medication business. The Medication Committee with Academician Zeng, Professor Li and Professor Liu as committee members has been established on the same day. Details of which and the respective qualifications, experiences and expertise of each of the committee members were disclosed in the announcement of the Company dated 17 October 2013.

The Board is of the view that with the entering into of the Exclusive Agreement, the establishment of the Medical Committee with such reputable professionals with solid expertise and network in the medical and pharmaceutical industry, would enable the Group to broaden the income source and diversify the business risk of the Group in the future and also providing opportunity for the Group to further bolster the collaboration with the Revenue Synthesis Group by leveraging on the abundant resources of the members of the Medication Committee.

On 10 January 2014 (after trading hours), the Company was informed by a notice (the "Notice") delivered by Refulgent Sunrise Limited, the vendor to the Acquisition that Refulgent Sunrise Limited has forfeited all its rights to the remaining of the consideration of the Acquisition, which is the second tranche convertible bonds of principal amount amounting to HK\$100,000,000 with immediate effect as the vendor expects the milestone to be achieved in order to trigger the issue of the second tranche convertible bonds by the Company could not be completed on or before the agreed date of 31 March 2014.

Having considered that the consideration of the Acquisition would be greatly reduced by HK\$100,000,000 for the Acquisition, the Board considers no further action would be required to be taken in response to the Notice and is of the view that it is in the interest of the Company and Shareholders as a whole.

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.

* *for identification only*

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Financial Review

Results

For the nine months ended 31 December 2013, the revenue of the Group increased by approximately 11.55% to approximately HK\$8,135,000 compared to approximately HK\$7,293,000 in the corresponding period in 2012. The increase was mainly due to the successful exploration of new clients and retention of existing clients as a result of increased marketing effort and continuous provision of prompt and high-quality financial advisory services by our staff. In October 2013, the Group commenced to explore the area of advisory service in investment immigration with an aim to further broaden income source of the Group. Throughout the three months ended 31 December 2013, the Group generated revenue of approximately HK\$210,000 from investment immigration advisory service.

The Group's administrative and operating expenses for the nine months ended 31 December 2013 increased by approximately 11.58% to approximately HK\$6,410,000 compared to approximately HK\$5,745,000 for the corresponding period in 2012. The increase was mainly attributed (i) increase general office operating expenses; and (ii) increase in staff costs of approximately 24.05% to approximately HK\$3.61 million in 2013 from approximately HK\$2.91 million in 2012 as a result of introduction of new board members to the Board and hire of new staff.

The Group's loss attributable to owners of the Company for the nine months ended 31 December 2013 was approximately HK\$14,965,000 compared to a profit of approximately HK\$1,135,000 in the corresponding period last year. The loss was mainly attributable to (i) share of amortisation of intangible assets and loss of the Company's approximate 25% owned associated group amounting to approximately HK\$16,869,000; (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\$2,357,000; and (iii) fair value gain on contingent consideration payable of approximately HK\$4,550,000 which partially net off the loss incurred. **The Board wishes to draw the attention of the shareholders of the Company and potential investors to the fact that the abovementioned items 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\$270,000 for the nine months ended 31 December 2013.**



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 2013, the Group did not pledge any of its assets (31 December 2012: nil) as securities for the banking facilities granted to the Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2013, the Group had 19 full-time employees (31 December 2012: 16), including the Directors. Total employee benefit expenses (including Directors' emoluments) were approximately HK\$3,606,000 for the nine months ended 31 December 2013 as compared to approximately HK\$2,909,000 for the nine months ended 31 December 2012. 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

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.



OUTLOOK (CONTINUED)

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.

From the adoption date of the Scheme to 31 December 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 31 December 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:

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	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 (<i>Note 1</i>)	Beneficial owner	336,000,000	–	15.14%
	Interest of a controlled corporation	100,000,000	300,000,000	18.02%
Mr. Wong Kam Wah (<i>Note 2</i>)	Interest of a controlled corporation	960,000,000	–	43.24%
Mr. Tsang Yan (<i>Note 1</i>)	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):

- 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.
- 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.

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

Note(s): (Continued)

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 as at the Latest Practicable Date	Number of underlying shares	Approximate 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 31 December 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 31 December 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.



SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES (CONTINUED)

Long positions in the Company (Continued)

Save as disclosed above, as at 31 December 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.

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 2013.

INTERESTS OF THE JOINT 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 31 December 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.

DIRECTOR'S INTERESTS IN COMPETING INTERESTS

During the nine months ended 31 December 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 nine months ended 31 December 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 financial statements of the Group for the nine months ended 31 December 2013 have not been audited by the Company's auditors, but have been reviewed by the Committee, who is of the opinion that the 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 February 2014

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.