



**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)**

INTERIM REPORT

**2015**

## **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 (the “Directors”) of Chanceton Financial Group Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading or deceptive; and (2) there are no other matters the omission of which would make any statement herein or in this report misleading.*

## HIGHLIGHTS

- Unaudited revenue of the Group for the six months ended 30 September 2015 amounted to approximately HK\$4,684,000, representing a decrease of approximately 4.76% as compared to corresponding period in 2014.
- Consolidated loss attributable to owners of the Company for the six months ended 30 September 2015 was approximately HK\$12,918,000 as compared to a loss of approximately HK\$56,455,000 in corresponding period in 2014. 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\$10,699,000; 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\$2,731,000.
- **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 position.**
- Loss per share for the six months ended 30 September 2015 was approximately HK\$0.58 cents.
- The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2015.

## FINANCIAL RESULTS (UNAUDITED)

The board of Directors (the "Board") of Chanceton Financial Group Limited (the "Company") is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the three months and six months ended 30 September 2015, together with the unaudited comparative figures for the corresponding period in 2014, as follows:

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the three months and six months ended 30 September 2015*

		Three months ended 30 September		Six months ended 30 September	
		2015	2014	2015	2014
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	4	1,029	1,274	4,684	4,918
Other gains and losses	4	7	1,515	15	1,559
Administrative and operating expenses		(2,376)	(44,593)	(4,409)	(47,632)
Finance cost	6	(1,559)	(1,559)	(2,731)	(2,731)
Share of result of an associate		(5,299)	(8,800)	(10,699)	(12,401)

	Notes	Three months ended 30 September		Six months ended 30 September	
		2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
<b>Loss before tax</b>	7	<b>(8,198)</b>	(52,163)	<b>(13,140)</b>	(56,287)
Income tax	9	<b>367</b>	18	<b>222</b>	(168)
<b>Loss for the period</b>		<b>(7,831)</b>	(52,145)	<b>(12,918)</b>	(56,455)
<b>Other comprehensive loss, net of income tax</b>					
Item that may be reclassified subsequently to profit or loss:					
Share of changes in other comprehensive income in an associate		<b>(4)</b>	(7)	<b>(7)</b>	(17)
Other comprehensive loss for the period, net of income tax		<b>(4)</b>	(7)	<b>(7)</b>	(17)
<b>Total comprehensive loss for the period</b>		<b>(7,835)</b>	(52,152)	<b>(12,925)</b>	(56,472)
<b>Loss attributable to owners of the Company for the period</b>		<b>(7,831)</b>	(52,145)	<b>(12,918)</b>	(56,455)

	Three months ended 30 September		Six months ended 30 September	
	2015	2014	2015	2014
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000

**Total comprehensive loss  
attributable to  
owners of the  
Company for the  
period**

<b>(7,835)</b>	(52,152)	<b>(12,925)</b>	(56,472)
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**Loss per share  
attributable to  
owners of the  
Company**

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Basic and diluted  
(HK cents)

<b>(0.35)</b>	(2.35)	<b>(0.58)</b>	(2.54)
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## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2015

		As at 30 September 2015 (Unaudited) <i>HK\$'000</i>	As at 31 March 2015 (Audited) <i>HK\$'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Plant and equipment	11	14	33
Interest in an associate		169,319	180,026
Available-for-sale financial assets		10,000	10,000
Goodwill		244,453	–
		<hr/>	
		423,786	190,059
		<hr/>	
<b>Current assets</b>			
Trade receivables	12	1,714	945
Prepayments, deposits and other receivables	13	255	531
Financial assets at fair value through profit or loss	14	2,534	2,534
Amounts due from related companies		15	52
Tax recoverable		–	304
Cash and cash equivalents		18,950	19,042
		<hr/>	
		23,468	23,408
		<hr/>	
<b>Less: Current liabilities</b>			
Other payables and accruals	15	531	781
Tax payable		242	–
		<hr/>	
		773	781
		<hr/>	

		<b>As at 30 September 2015 (Unaudited) HK\$'000</b>	As at 31 March 2015 (Audited) HK\$'000
<b>Net current assets</b>		<b>22,695</b>	22,627
<b>Total assets less current liabilities</b>		<b>446,481</b>	212,686
<b>Less: Non-current liabilities</b>			
Convertible bond	16	74,328	71,597
Deferred tax liabilities		2,173	2,624
Contingent consideration payable		224,040	–
		<b>300,541</b>	74,221
<b>Net assets</b>		<b>145,940</b>	138,465
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	17	22,600	22,200
Reserves	18	123,340	116,265
<b>Total equity</b>		<b>145,940</b>	138,465



## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2015

	Attributable to owners of the Company							Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Exchange translation reserve HK\$'000	Convertible bond reserve HK\$'000	Share base payment reserve HK\$'000	Retained profits/	
							losses) HK\$'000	
<b>At 1 April 2015 (audited)</b>	<b>22,200</b>	<b>124,131</b>	<b>529</b>	<b>(15)</b>	<b>22,856</b>	<b>1,954</b>	<b>(33,190)</b>	<b>138,465</b>
Loss for the period	-	-	-	-	-	-	(12,918)	(12,918)
Other comprehensive loss for the period	-	-	-	(7)	-	-	-	(7)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(22)</b>	<b>-</b>	<b>-</b>	<b>(12,918)</b>	<b>(12,925)</b>
Issue of new shares	400	20,000	-	-	-	-	-	20,400
<b>At 30 September 2015 (unaudited)</b>	<b>22,600</b>	<b>144,131</b>	<b>529</b>	<b>(22)</b>	<b>22,856</b>	<b>1,954</b>	<b>(46,108)</b>	<b>145,940</b>
At 1 April 2014 (audited)	22,200	124,131	529	(13)	22,856	-	8,537	178,240
Loss for the period	-	-	-	-	-	-	(56,455)	(56,455)
Other comprehensive loss for the period	-	-	-	(17)	-	-	-	(17)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(17)</b>	<b>-</b>	<b>-</b>	<b>(56,455)</b>	<b>(56,472)</b>
Recognition of equity settled share base payment	-	-	-	-	-	42,304	-	42,304
<b>At 30 September 2014 (unaudited)</b>	<b>22,200</b>	<b>124,131</b>	<b>529</b>	<b>(30)</b>	<b>22,856</b>	<b>42,304</b>	<b>(47,918)</b>	<b>164,072</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2015

	Six months ended	
	30 September	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash outflow from operating activities	(92)	(2,902)
Net cash outflow from investing activities	–	307
Net cash outflow from financing activities	–	–
<b>Net decrease in cash and cash equivalents</b>	<b>(92)</b>	<b>(2,595)</b>
Cash and cash equivalents at beginning of period	<b>19,042</b>	45,001
<b>Cash and cash equivalents at end of period</b>	<b>18,950</b>	42,406

## **NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS**

*For the six months ended 30 September 2015*

### **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 3609, 36/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong. The Company's shares were listed on the GEM of the Stock Exchange on 12 October 2011.

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

### **2. BASIS OF PRESENTATION AND PRINCIPAL ACCOUNTING POLICIES**

The unaudited condensed consolidated interim financial statements for the six months ended 30 September 2015 (the "Interim Accounts") have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the 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 Interim Accounts are consistent with those used in the annual financial statements for the year ended 31 March 2015. The Interim Accounts do not include all of the information required for annual financial statements and thereby they should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

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

### 3. FAIR VALUE OF FINANCIAL INSTRUMENTS

#### Fair value estimation

The fair value of financial assets and financial liabilities are determined as follows:

- (i) the fair value of financial assets and financial liabilities with (including derivative instruments) standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices and ask prices respectively; and
- (ii) the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input; and
- (iii) the fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recorded in the consolidated financial statements approximate their fair values.

#### 30 September 2015

	<b>Carrying amount <i>HK\$'000</i></b>	<b>Fair value <i>HK\$'000</i></b>
<b>Financial liability</b>		
Convertible bond	<b>74,328</b>	<b>75,505</b>

### 3. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

#### Fair value estimation (Continued)

31 March 2015

	<b>Carrying amount</b> <i>HK\$'000</i>	<b>Fair value</b> <i>HK\$'000</i>
<b>Financial liability</b>		
Convertible bond	71,597	73,284

#### ***Fair value measurements recognised in the condensed consolidated statement of financial position***

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2 fair value measurements are those derived from inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

### 3. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

#### Fair value estimation (Continued)

*Fair value measurements recognised in the condensed consolidated statement of financial position (Continued)*

30 September 2015

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>Financial asset</b>				
Financial assets at fair value through profit or loss	–	–	2,534	2,534
AFS financial assets	–	10,000	–	10,000
	–	10,000	2,534	12,534

31 March 2015

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>Financial asset</b>				
Financial assets at fair value through profit or loss	–	–	2,534	2,534
AFS financial assets	–	10,000	–	10,000
	–	10,000	2,534	12,534

#### 4. REVENUE AND OTHER GAINS AND LOSSES

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

	Three months ended		Six months ended	
	30 September		30 September	
	2015	2014	2015	2014
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Other gains and losses</b>				
Management fee income	7	10	15	21
Sundry income	–	56	–	125
Realised loss on financial assets at FVTPL	–	–	–	(36)
Unrealised gain on financial assets at FVTPL	–	1,449	–	1,449
	<b>7</b>	<b>1,515</b>	<b>15</b>	<b>1,559</b>

#### 5. SEGMENT INFORMATION

Information reported to the management of the Group, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performances focuses on corporate finance advisory business. During the periods ended 30 September 2015 and 2014, the Group only focuses on corporate finance advisory business and all the assets and major revenue are located and derived in Hong Kong. Accordingly, no segment analysis is presented.

##### Information about major clients

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

	Three months ended		Six months ended	
	30 September		30 September	
	2015	2014	2015	2014
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Customer A	270	435	3,000	3,172
Customer B	200	350	–	500
Customer C	135	160	–	–
Customer D	–	–	–	–

## 6. FINANCE COST

	Three months ended 30		Six months ended 30	
	September		September	
	2015	2014	2015	2014
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Imputed interest on convertible bond	1,559	1,559	2,731	2,731

## 7. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	Three months ended		Six months ended	
	30 September		30 September	
	2015	2014	2015	2014
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation	8	16	18	36
Minimum lease payment under operating lease:				
– Property rental	208	224	247	432
Share base payment	–	42,304	–	42,304
Employee benefit expenses (including directors' remuneration)				
– Wages, salaries, allowances and bonus	1,148	944	2,386	2,583
– Pension scheme contributions	40	51	87	105
	<b>1,188</b>	995	<b>2,473</b>	2,688



## 8. DIVIDENDS

The Board does not recommend the payment of dividend for the six months ended 30 September 2015 (2014: Nil).

## 9. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) for the three months and six months ended 30 September 2015 and 2014.

	Three months ended		Six months ended	
	30 September		30 September	
	2015	2014	2015	2014
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current tax	(110)	240	228	619
Deferred tax	(257)	(258)	(450)	(451)
	<b>(367)</b>	(18)	<b>(222)</b>	168

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

## 10. LOSS PER SHARE

Basic loss per share for each of the three months and six months ended 30 September 2015 and 2014 are calculated by dividing the loss 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 30 September 2015	For the six months ended 30 September 2015	For the three months ended 30 September 2014 (restated)	For the six months ended 30 September 2014 (restated)
Loss attributable to the owners of the Company	(HK\$7,831,000)	(HK\$12,918,000)	(HK\$52,145,000)	(HK\$56,455,000)
Weighted average number of ordinary share in issue	2,222,197,802	2,221,098,901	2,220,000,000	2,220,000,000
Loss per share (HK cents per share)	(0.35)	(0.58)	(2.35)	(2.54)

## 10. LOSS PER SHARE (CONTINUED)

During the period ended 30 September 2015, 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.

Diluted loss per share for the 6 months and 3 months ended September 2015 has not been disclosed as the potential shares arising from the exercise of the Company's outstanding share options would decrease in loss per share of the Group for the periods and are regarded as anti-dilutive.

## 11. PLANT AND EQUIPMENT

During the three months and six months ended 30 September 2015, the Group did not acquire plant and equipment (2014: Nil). There was no disposal of plant and equipment during the three months and six months ended 30 September 2015 and 2014.

## 12. TRADE RECEIVABLES

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

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

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

	<b>As at 30 September 2015 (Unaudited) HK\$'000</b>	As at 31 March 2015 (Audited) HK\$'000
Current to 30 days	<b>248</b>	145
31 to 60 days	<b>806</b>	160
61 to 90 days	<b>590</b>	80
Over 90 days	<b>70</b>	560
	<hr/> <b>1,714</b>	<hr/> 945

## 12. TRADE RECEIVABLES (CONTINUED)

Trade receivables disclosed above are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

## 13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	<b>As at</b> <b>30 September</b> <b>2015</b> <b>(Unaudited)</b> <i>HK\$'000</i>	As at 31 March 2015 (Audited) <i>HK\$'000</i>
Prepayments	<b>43</b>	37
Deposits and other receivables	<b>212</b>	494
	<b>255</b>	531

None of the above prepayments, deposits and other receivables is either past due or impaired.

## 14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>As at</b> <b>30 September</b> <b>2015</b> <b>(Unaudited)</b> <i>HK\$'000</i>	As at 31 March 2015 (Audited) <i>HK\$'000</i>
Share options at fair value	<b>2,534</b>	2,534

The above equity securities and share options were designated as financial asset at fair value through profit or loss on initial recognition by the directors of the Company. Changes in fair values of financial asset at fair value through profit or loss are recorded in profit or loss accounts of the Group.

## 15. OTHER PAYABLES AND ACCRUALS

	<b>As at</b>	As at
	<b>30 September</b>	31 March
	<b>2015</b>	2015
	<b>(Unaudited)</b>	(Audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Other payables and accruals	<b>531</b>	781
	<b>531</b>	781

Other payables are non-interest bearing and are repayable within one month.

## 16. CONVERTIBLE BOND

On 5 December 2012, the Company issued first convertible bond (the "First Convertible Bonds") due on 4 December 2017 with a principal amount of HK\$87,500,000 at zero coupons in relation to the acquisition of 20% equity interest in Revenue Synthesis Limited. The First Convertible Bond entitles the holder to convert to ordinary shares with par value of HK\$0.01 each of the Company at conversion price of HK\$2.50, subject to adjustment provisions. On 8 May 2013, the Company issued 1,665,000,000 bonus shares and the conversion price was adjusted to HK\$0.625 according to the terms of First Convertible Bond.

The First Convertible Bond contains two components: liability and equity components. The equity component is presented in equity heading "convertible bond reserve". The effective interest rate of the liability component is 7.11% and 7.80% per annum on 30 September 2015 and 31 March 2015 respectively.

The First Convertible Bond has been split as to the liability and equity components as follows:

	<i>HK\$'000</i>
Fair value of the First Convertible Bond	87,486
Liability component	<u>(60,111)</u>
Equity component	<u>27,375</u>

## 16. CONVERTIBLE BOND (CONTINUED)

The movement of the liability component of the First Convertible Bond since the date of the acquisition of the associate (i.e. 5 December 2012) was as follows:

	<i>HK\$'000</i>
At date of acquisition of the associate	60,111
Imputed interests charged for the year ended 31 March 2013	1,494
Imputed interests charged for the year ended 31 March 2014	4,813
Imputed interests charged for the year ended 31 March 2015	5,179
Imputed interests charged for the six months ended 30 September 2015	2,731
	<hr/>
<b>As at 30 September 2015</b>	<b>74,328</b>

## 17. SHARE CAPITAL

<i>Note</i>	<b>Number of ordinary shares of HK\$0.01 each</b>	<b>Nominal value of ordinary shares</b> <i>HK\$</i>
<b>Authorised:</b>		
At 1 April 2014, 31 March 2015, 1 April 2015 and 30 September 2015	20,000,000,000,000	200,000,000,000
	<hr/>	
<b>Issued and fully paid:</b>		
At 1 April 2015	2,220,000,000	22,200,000
Issue of consideration shares	40,000,000	400,000
	<hr/>	
<b>At 30 September 2015 (unaudited)</b>	<b>2,260,000,000</b>	<b>22,600,000</b>

## 18. RESERVES

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

## 19. COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 September 2015, neither the Group nor the Company had any significant commitments and contingent liabilities (31 March 2014: Nil).

## 20. OPERATING LEASE ARRANGEMENTS

As at 30 September 2015 and 31 March 2015, the total future minimum lease payments of the Group under non-cancelable operating leases in respect of rented premises payable to independent third parties are as follows:

	<b>As at 30 September 2015 (Unaudited) HK\$'000</b>	As at 31 March 2015 (Audited) HK\$'000
Within one year	<b>69</b>	472
In the second to fifth years, inclusive	–	194
	<b>69</b>	666

## 21. MATERIAL RELATED PARTY TRANSACTIONS

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

- (a) During the six months ended 30 September 2015, the Group management fee income of approximately HK\$15,000 receivable (2014: received HK\$21,000) from Chanceton Corporate Services Limited, which is controlled by a director of the Company, Mr. Wong Kam Wah ("Mr. Wong").
- (b) Compensation of key management personnel of the Group

	Three months ended		Six months ended	
	30 September	2014	30 September	2014
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Short term employees benefits	735	760	1,470	1,570
Post-employment benefits	47	28	95	59
Total compensation paid to key management personnel	782	788	1,565	1,629

## 22. APPROVAL OF INTERIM FINANCIAL STATEMENTS

The Interim Accounts were approved and authorised for issue by the Board on 13 November 2015.

## 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 unstable sentiment in the global economy and the volatile finance market, the Group recorded revenue of approximately HK\$4,684,000 for the six months ended 30 September 2015, representing a decrease of approximately 4.76% when compared to the corresponding period in 2014.



## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### Business Review (Continued)

#### *Investment in an associate relating to Acquired Immunodeficiency Syndrome (“AIDS”) medication business*

Following the announcement of 《關於改革藥品醫療器械審評審批制度的意見》 (the “Opinion”) by the State Council of the PRC in August 2015, the Board is in the process of assessing the relevant pros and cons of the Opinion to the progress of the clinical trials on our AIDS medication capsule. The Directors are of the view that the current progress of the AIDS medication business is satisfactory and are confident that the investment in AIDS medication business would create value to the shareholders of the Company in future.

#### *Investment in shipping and logistics business*

We are pleased that we had on 25 September 2015 completed the acquisition (the “Acquisition”) of a shipping and logistics business. Our investment into the shipping and logistics business represents an expansionary step outside of our existing principal business. The Directors are confident that the Acquisition will diversify our business risk, broaden our income stream as well as maximize our shareholders’ value.

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.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### FINANCIAL REVIEW

#### *Results*

For the six months ended 30 September 2015, the revenue of the Group decreased by approximately 4.76% to approximately HK\$4,684,000 compared to approximately HK\$4,918,000 in the corresponding period in 2014.

The Group's administrative and operating expenses for the six months ended 30 September 2015 decreased by approximately 90.75% to approximately HK\$4,409,000 compared to approximately HK\$47,632,200 for the corresponding period in 2014. Such decrease was mainly due to the recognition of one-off equity settled share base payment in 2014.

The Group's loss attributable to owners of the Company for the six months ended 30 September 2015 was approximately HK\$12,918,000 compared to a loss of approximately HK\$56,455,000 in the corresponding period last year. The loss was mainly due to (i) share of amortisation of intangible assets and loss of the Company's approximate 25% owned associated group amounting to approximately HK\$10,699,000; 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\$2,731,000. **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.**

#### *Liquidity, financial resources and capital structure*

During the six months ended 30 September 2015, the Group mainly financed its operations with its own working capital.

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

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

#### ***Liquidity, financial resources and capital structure (Continued)***

As at 30 September 2015, the Group had total assets of approximately HK\$447,254,000 (31 March 2015: approximately HK\$213,467,000), including cash and bank balances of approximately HK\$18,950,000 (31 March 2015: approximately HK\$19,042,000) which were financed by total liabilities of HK\$301,314,000 and total equity of HK\$145,940,000.

The Group's gearing ratios as at 30 September 2015 was 50.93% (31 March 2015: 51.71%). Gearing ratio is calculated by dividing total net debt with the total equity.

For the six months ended 30 September 2015, the Group had minimal exposure in foreign currency risk as most of the business transactions, assets and liabilities were denominated in Hong Kong dollars. The Group will continue to monitor its foreign currency exposure closely.

### **CAPITAL COMMITMENTS**

As at 30 September 2015, the Group did not have any significant capital commitments (31 March 2015: Nil).

### **FOREIGN EXCHANGE EXPOSURE**

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

### **TREASURY POLICIES**

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

## **PLEDGE OF ASSETS**

As at 30 September 2015, the Group did not pledge any of its assets (31 March 2015: Nil) as securities for the banking facilities granted to the Group.

## **CAPITAL STRUCTURE**

On 25 September 2015, the Company allotted and issued 40,000,000 new shares of the Company at HK\$0.01 each to Ms. Li Zhaoxia upon completion of the acquisition of the shipping and logistics business. Details were disclosed in the announcements of the Company dated 2 September 2015, 18 September 2015 and 25 September 2015.

As at 30 September 2015, the issued share capital of the Company is HK\$22,600,000 divided into 2,260,000,000 shares.

## **SIGNIFICANT INVESTMENTS HELD**

Except for (i) the investment in the entire equity interest in Ture Yield Limited which, together with its subsidiaries are principally engaged in the provision of shipping and logistics business; and (ii) the investment in 25% equity interest in Revenue Synthesis Limited which, together with its subsidiaries are principally engaged in the AIDS medication business during the six months ended 30 September 2015, the Group did not hold any significant investment in equity interest in any company.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

The Group did not have other plans for material investments and capital assets.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES**

Save for the acquisition of the entire equity interest in Ture Yield Limited, during the six months ended 30 September 2015, the Group did not have any other material acquisitions and disposals of subsidiaries and affiliated companies.

## **CONTINGENT LIABILITIES**

The Group had no material contingent liabilities as at 30 September 2015 (31 March 2015: Nil).

## EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2015, the Group had 16 full-time employees (31 March 2015: 17 full-time employees), including the Directors. Total employee benefit expenses (including Directors' emoluments) were approximately HK\$2,473,000 for the six months ended 30 September 2015 as compared to approximately HK\$2,688,000 for the six months ended 30 September 2014. 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

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 and improving public awareness.

In the mean time, the Group will closely monitor and develop our new business segment – the shipping and logistics business. The Directors are optimistic that the new business segment will contribute to the Group in foreseeable future.

The Group will also closely monitor the progress of the AIDS medication business and will pay close attention to any changing in the business and investment atmosphere of the medication industry in the PRC following the announcement of 《關於改革藥品醫療器械審評審批制度的意見》(the "Opinion") by the State Council of the PRC in August 2015. The Group will assess and formulate appropriate investment strategy to maximize our shareholders' value.

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.

Details of options granted are as follows:

Options type	Date of grant	Exercisable period	Exercise price per share	Fair value at grant date per share	Remaining contractual life of options
			HK\$	HK\$	
2014	17/9/2014	17/9/2014 – 16/9/2024	0.68	0.13027	9 years

The following table discloses movements of the Company’s share options held by employees and directors during the period ended 30 September 2015:

Participant	Date of grant	Exercise price per share	Exercise period	At 1 April 2015	Number of options				At 30 September 2015
					Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	
		HK\$		'000	'000	'000			'000
Employees other than directors	17/9/2014	0.68	17/9/2014 – 16/9/2024	-	12,500	-	-	-	12,500
Consultants	17/9/2014	0.68	17/9/2014 – 16/9/2024	-	2,500	-	-	-	2,500
				-	15,000	-	-	-	15,000

## 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 September 2015, 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	–	14.87%
	Interest of a controlled corporation	87,062,500	140,000,000	10.05%
Mr. Wong Kam Wah (Note2)	Interest of a controlled corporation	140,000,000	–	6.19%
Ms. Man Wing Yee Ginny	Beneficial owner	440,040,000	–	19.47%
Mr. Yu Bin	Beneficial owner	200,000,000	–	8.85%
Mr. Wang Qiang	Beneficial owner	100,000,000	–	4.42%
Mr. Lau Ling Tak	Beneficial owner	43,937,500	–	1.94%

**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):*

- Ms. Ho Chiu Ha Maisy has a total interest in 563,062,000 shares/underlying shares (representing an aggregate of approximately 24.91% shareholding in the Company), of which (i) 87,062,500 shares were held by 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 87,062,500 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) 140,000,000 shares relate to her derivative interests in convertible bonds through her shareholding in Refulgent Sunrise Limited.
- The 140,000,000 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 140,000,000 shares held by Kate Glory Limited.

***Convertible bonds***

Name of bondholder	Date of issue	Conversion period	Conversion price per share <i>HK\$</i>	Outstanding		Approximate percentage of the issued share of the capital of the Company
				as at 30 September 2015	Number of underlying shares	
Refulgent Sunrise Limited	5 December 2012	5 December 2012 – 4 December 2017	0.625	140,000,000	140,000,000	6.19%



## **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 30 September 2015, 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 September 2015, 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:

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES (CONTINUED)

### 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	140,000,000	–	6.19%
Mr. Wong Kam Wah ( <i>Note 1</i> )	Interest of controlled corporation/ beneficial owner	140,000,000	–	6.19%
Ms. Man Wing Yee Ginny	Beneficial owner	440,040,000	–	19.47%
Ms. Ho Chiu Ha Maisy ( <i>Note 2</i> )	Interest of controlled corporation/ Beneficial owner	423,062,500	140,000,000	24.91%
Refulgent Sunrise Limited ( <i>Note 2</i> )	Beneficial owner	87,062,500	140,000,000	10.05%
Ms. Li Zhaoxia	Beneficial owner	109,600,000	404,000,000	22.73%
Mr. Yu Bin	Beneficial owner	200,000,000	–	8.85%

*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 36% by Ms. Ho Chiu Ha Maisy. As a result, Ms. Ho Chiu Ha Maisy is 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.

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

Save as disclosed above, as at 30 September 2015, the Directors were not aware of any other persons/entities (other than the Directors and chief executive of the Company) who had interests or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or who is directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any member of the Group.

## **DIRECTOR'S RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

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

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

Neither the Company, nor any of its subsidiaries, has purchased, redeemed or sold any of the Company's listed shares during the six months ended 30 September 2015.

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

During the six months ended 30 September 2015, none of the Directors, the management shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) had any interest in a business which causes or may cause a significant competition with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all directors, the Company was not aware of any non-compliance with such required standard of dealings and its code of conduct regarding securities transactions by directors during the six months ended 30 September 2015.

## **CODE OF CORPORATE GOVERNANCE PRACTICES**

Throughout the six months ended 30 September 2015, the Company had complied with all the code provisions set out in the Appendix 15 Corporate Governance Code and Corporate Governance Report (the "CG Code") of the GEM Listing Rules with the exception of the following deviation:

### **CODE PROVISION E.1.2**

Code provision E.1.2 of the CG Code stipulates that the chairman of the board should attend the annual general meeting.

### **DEVIATION**

The chairman of the Board, Ms. Ho Chiu Ha Maisy, was unable to attend the annual general meeting of the Company held on 30 September 2015 (the "AGM 2015 ") as she had other important business engagement. However, Mr. Wong Kam Wah, an executive Director, had chaired the AGM 2015 in accordance with the articles of association of the Company.

## 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 interim financial statements of the Group for the six months ended 30 September 2015 have not been audited by the Company's auditors, but have been reviewed by the Committee, who is of the opinion that the interim financial statements comply with the applicable accounting standards, the Stock Exchange and legal requirements, and that adequate disclosures have been made.

By Order of the Board  
**Chanceton Financial Group Limited**  
**Wong Kam Wah**  
*Executive Director*

Hong Kong, 13 November 2015

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