



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 RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

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This announcement, 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 announcement 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 announcement misleading.

HIGHLIGHTS

- Unaudited revenue of the Group for the six months ended 30 September 2012 amounted to approximately HK\$5,310,000, representing a decrease of approximately 14% as compared to corresponding period in 2011.
- Consolidated profit attributable to owners of the Company for the six months ended 30 September 2012 was approximately HK\$1,649,000.
- Earnings per share for the six months ended 30 September 2012 was approximately HK\$0.33 cents.
- The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2012.

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 2012, together with the unaudited comparative figures for the corresponding period in 2011, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months and six months ended 30 September 2012

		Three months ended		Six months ended	
		30 September		30 September	
		2012	2011	2012	2011
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	3	2,170	3,995	5,310	6,180
Other income and gains	3	31	70	93	164
Administrative and operating expenses		<u>(1,844)</u>	<u>(1,358)</u>	<u>(3,311)</u>	<u>(2,357)</u>
Profit before tax	5	357	2,707	2,092	3,987
Income tax expenses	6	<u>(115)</u>	<u>(489)</u>	<u>(443)</u>	<u>(718)</u>
Profit for the period attributable to owners of the Company		<u>242</u>	<u>2,218</u>	<u>1,649</u>	<u>3,269</u>
Earnings per share attributable to owners of the Company	8				
Basic and diluted (HK cents)		<u>0.05</u>	<u>0.44</u>	<u>0.33</u>	<u>0.65</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 September 2012

	Three months ended		Six months ended	
	30 September		30 September	
	2012	2011	2012	2011
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period	242	2,218	1,649	3,269
Other comprehensive income for the period, net of tax	—	—	—	—
Total comprehensive income for the period	<u>242</u>	<u>2,218</u>	<u>1,649</u>	<u>3,269</u>
Total comprehensive income for the period attributable to owners of the Company	<u>242</u>	<u>2,218</u>	<u>1,649</u>	<u>3,269</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2012

	Notes	As at 30 September 2012 (Unaudited) HK\$'000	As at 31 March 2012 (Audited) HK\$'000
NON-CURRENT ASSETS			
Plant and equipment	9	129	178
Total non-current assets		129	178
CURRENT ASSETS			
Trade receivables	10	2,920	2,493
Prepayments, deposits and other receivables	11	832	352
Amount due from a related company		41	20
Tax recoverable		–	224
Cash and cash equivalents		41,159	42,484
Total current assets		44,952	45,573
CURRENT LIABILITIES			
Other payables and accruals	12	529	3,067
Tax payables		219	–
Total current liabilities		748	3,067
Net current assets		44,204	42,506
Total assets less current liabilities		44,333	42,684
Net assets		44,333	42,684
EQUITY			
Equity attributable to owners of the Company			
Share capital	13	5,000	5,000
Reserves	14	39,333	37,684
Total equity		44,333	42,684

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2012

	Attributable to owners of the Company				Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Retained profits HK\$'000	
At 1 April 2012 (audited)	5,000	29,456	529	7,699	42,684
Total comprehensive income for the period	—	—	—	1,649	1,649
At 30 September 2012 (unaudited)	<u>5,000</u>	<u>29,456</u>	<u>529</u>	<u>9,348</u>	<u>44,333</u>
At 1 April 2011 (audited)	530	—	—	11,616	12,146
Total comprehensive income for the period	—	—	—	3,269	3,269
Effect of Reorganisation	(529)	—	529	—	—
Interim dividend paid	—	—	—	(6,000)	(6,000)
At 30 September 2011 (unaudited)	<u>1</u>	<u>—</u>	<u>529</u>	<u>8,885</u>	<u>9,415</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2012

	Six months ended	
	30 September	
	2012	2011
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash (outflow)/inflow from operating activities	(1,315)	379
Net cash outflow from investing activities	(10)	(42)
Net cash outflow from financing activities	<u>—</u>	<u>(8,842)</u>
Net (decrease)/increase in cash and cash equivalents	(1,325)	(8,505)
Cash and cash equivalents at beginning of period	<u>42,484</u>	<u>16,239</u>
Cash and cash equivalents at the end of period	<u><u>41,159</u></u>	<u><u>7,734</u></u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS

For the six months ended 30 September 2012

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 interim financial statements for the six months ended 30 September 2012 (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 2012. 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 2012, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

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

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

Adoption of New and Revised HKFRSs

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

HKAS 12 (Amendments)	Deferred Tax - Recovery of Underlying Assets
HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First - time Adopters
HKFRS 7 (Amendments)	Disclosures - Transfers of Financial Assets

The application of the above new and revised HKFRSs had had no material effect on the results and financial positions of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

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

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual Improvements 2009-2011 Cycle ²
Amendments to HKFRS 10, HKFRS 11 and HKFR S12	Consolidated Financial Statements, Joint Arrangements and Disclosure of interests in Other Entities: Transition Guidance ²
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income ¹
HKAS 19 (as revised in 2011)	Employee Benefits ²
HKAS 27 (as revised in 2011)	Separate Financial Statements ²
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures ²
HKAS 32 (Amendments)	Presentation – Offsetting Financial Assets and Financial Liabilities ³
HKFRS 1 (Amendments)	Government Loans ²
HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities ²
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosure ⁴
HKFRS 9	Financial Instruments ⁴
HKFRS 10	Consolidated Financial Statements ²
HKFRS 11	Joint Arrangements ²
HKFRS 12	Disclosure of Interests in Other Entities ²
HKFRS 13	Fair Value Measurement ²
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine ²

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

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

3 *Effective for annual periods beginning on or after 1 January 2014*

4 *Effective for annual periods beginning on or after 1 January 2015*

The Group is in the process of assessing the potential impact of the above new and revised HKFRSs upon initial application but is not yet in a position to state whether the above new and revised HKFRSs will have a significant impact on the Group's and the Company's results of operations and financial position.

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 periods.

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

	Three months ended 30 September 2012 (Unaudited) HK\$'000		Six months ended 30 September 2012 (Unaudited) HK\$'000	
	2011 (Unaudited) HK\$'000		2011 (Unaudited) HK\$'000	
Revenue				
Corporate finance advisory income	<u>2,170</u>	<u>3,995</u>	<u>5,310</u>	<u>6,180</u>
	<u>2,170</u>	<u>3,995</u>	<u>5,310</u>	<u>6,180</u>
Other income and gains				
Management fee income	<u>31</u>	<u>67</u>	<u>41</u>	<u>135</u>
Others	<u>–</u>	<u>3</u>	<u>52</u>	<u>29</u>
	<u>31</u>	<u>70</u>	<u>93</u>	<u>164</u>

4. SEGMENT INFORMATION

Information reported to the management of the Group, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performances focuses on corporate finance advisory business. During the periods ended 30 September 2012 and 2011, the Group only focuses on corporate finance advisory business and all the assets and major revenue are located and derived in Hong Kong. Accordingly, no segment analysis is presented.

4. SEGMENT INFORMATION (CONTINUED)

Information about major clients

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

	Three months ended 30 September 2012 (Unaudited) HK\$'000		Six months ended 30 September 2012 (Unaudited) HK\$'000	
		2011 (Unaudited) HK\$'000		2011 (Unaudited) HK\$'000
Customer A	1,400	1,300	2,620	1,800
Customer B	640	750	640	1,370
Customer C	500	600	–	910
Customer D	400	500	–	–
Customer E	–	460	–	–

5. PROFIT BEFORE TAX

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

	Three months ended 30 September 2012 (Unaudited) HK\$'000		Six months ended 30 September 2012 (Unaudited) HK\$'000	
		2011 (Unaudited) HK\$'000		2011 (Unaudited) HK\$'000
(a) Employee benefit expenses (including directors' remuneration)				
– Wages, salaries, allowances and bonus	1,040	656	1,931	1,316
– Pension scheme contributions*	37	21	67	43
	<u>1,077</u>	<u>677</u>	<u>1,998</u>	<u>1,359</u>
(b) Depreciation	29	30	59	59
(c) Minimum lease payment under operating lease:				
– Property rental	136	161	321	331

* As at 30 September 2011 and 2012, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years.

6. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) for the three months and six months ended 30 September 2012 and 2011.

	Three months ended 30 September		Six months ended 30 September	
	2012	2011	2012	2011
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current tax	<u>115</u>	<u>489</u>	<u>443</u>	<u>718</u>

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

7. DIVIDENDS

	Three months ended 30 September		Six months ended 30 September	
	2012	2011	2012	2011
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interim dividends distributed by subsidiaries (<i>Note</i>)	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,000</u>

The dividend rate not presented as such information is considered not meaningful for the purpose of this announcement.

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2012.

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

8. EARNINGS PER SHARE

Basic earnings per share for each of the three months and six months ended 30 September 2012 are calculated by dividing the profit attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the periods.

	For the three months ended 30 September 2012	For the six months ended 30 September 2012
Profit attributable to equity holders of the Company	HK\$242,000	HK\$1,649,000
Weighted average number of ordinary share in issue	500,000,000	500,000,000
Earnings per share (HK cents per share)	0.05	0.33

The calculation of basic earnings per share for the three months and six months ended 30 September 2011 is based on the profit attributable to the owners of the Company for the period and on the assumptions that the proposed 500,000,000 ordinary shares in issue as at the date of listing of the Company's shares on the Stock Exchange as described in the subsection headed "Written resolutions of the sole shareholder of the Company passed on 21 September 2011" under the section headed "Statutory and General Information" in Appendix V to the prospectus of the Company dated 28 September 2011 (the "Prospectus"), as if the shares were outstanding throughout the period.

There were no potential dilutive ordinary shares for each of the three months and six months ended 30 September 2012 and 2011, and therefore, diluted earnings per share were the same as the basic earnings per share.

9. PLANT AND EQUIPMENT

During the three months and six months ended 30 September 2012, the Group acquired plant and equipment of approximately HK\$11,000 (2011: HK\$42,000) mainly comprising office furnitures and fixtures. There was no disposal of plant and equipment during the three months and six months ended 30 September 2012 and 2011.

10. TRADE RECEIVABLES

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

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

10. TRADE RECEIVABLES (CONTINUED)

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

	As at 30 September 2012 (Unaudited) HK\$'000	As at 31 March 2012 (Audited) HK\$'000
Current to 30 days	100	173
31 to 60 days	500	–
61 to 90 days	–	–
Over 90 days	2,320	2,320
	<u>2,920</u>	<u>2,493</u>

11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 September 2012 (Unaudited) HK\$'000	As at 31 March 2012 (Audited) HK\$'000
Prepayments	526	46
Deposits and other receivables	306	306
	<u>832</u>	<u>352</u>

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

12. OTHER PAYABLES AND ACCURALS

	As at 30 September 2012 (Unaudited) HK\$'000	As at 31 March 2012 (Audited) HK\$'000
Receipt in advance	–	2,620
Other payables and accruals	529	447
	<u>529</u>	<u>3,067</u>

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

13. SHARE CAPITAL

There was no change in the authorised and issued share capital of the Company took place during the six months ended 30 September 2012:

	<i>Notes</i>	Number of ordinary shares of HK\$0.01 each (Unaudited)	Nominal value of ordinary shares (Unaudited) HK\$
Authorised:			
At 31 March 2012, 1 April 2012 and 30 September 2012		<u>20,000,000,000,000</u>	<u>200,000,000,000</u>
Issued and fully paid:			
At 31 March 2012, 1 April 2012 and 30 September 2012		<u>500,000,000</u>	<u>5,000,000</u>

14. RESERVES

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

15. COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 September 2012, neither the Group nor the Company had any significant commitments and contingent liabilities (31 March 2012: Nil).

16. OPERATING LEASE COMMITMENTS

As at 30 September 2012 and 31 March 2012, the total future minimum lease payments of the Group under non-cancelable operating leases in respect of rented premises payable to independent third parties are as follows:

	As at 30 September 2012 (Unaudited) HK\$'000	As at 31 March 2012 (Audited) HK\$'000
Within one year	375	642
In the second to fifth years, inclusive	<u>—</u>	<u>54</u>
	<u>375</u>	<u>696</u>

17. MATERIAL RELATED PARTY TRANSACTIONS

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

- (a) During the six months ended 30 September 2012, the Group management fee income of approximately HK\$21,000 receivable (2011: 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 30 September		Six months ended 30 September	
	2012	2011	2012	2011
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Short term employees benefits	673	511	1,326	949
Post-employment benefits	21	12	45	23
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total compensation paid to key management personnel	<u>694</u>	<u>523</u>	<u>1,371</u>	<u>972</u>

18. EVENTS AFTER THE REPORTING PERIOD

With reference to the announcement of the Company dated 27 August 2012 in relation to the possible acquisition of 20% equity interests in Revenue Synthesis Limited, which together with its subsidiaries are engaging in acquired immunodeficiency syndrome (“AIDS”) medication business, at an aggregate consideration of HK\$237.50 million payable by way of a combination of consideration shares and convertible bonds (the “Acquisition”). The Acquisition was expected to be completed on 31 October 2012. However, as additional time is required for the fulfillment of certain completion conditions (the “Conditions”) in order to complete the Acquisition, on 29 October 2012, the parties of the Acquisition have agreed in writing to extend the long stop date for the fulfillment of the Conditions from 31 October 2012 to 31 December 2012. Details please refer to the announcement of the Company dated 29 October 2012.

19. APPROVAL OF INTERIM FINANCIAL STATEMENTS

The Interim Accounts were approved and authorised for issue by the Board on 14 November 2012.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2012.

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 unfavourable sentiment in the global economy and the volatile finance market, the Group recorded revenue of approximately HK\$5,310,000 for the six months ended 30 September 2012, representing a decrease of approximately 14% when compared to the corresponding period in 2011. Profit attributable to owners of the Company for the six months ended 30 September 2012 was approximately HK\$1,649,000, representing a decrease of approximately 50% when compared to the corresponding period in 2011.

On 24 August 2012, Mysteriously Time Investments Limited, a wholly-owned subsidiary of the Company, and Mr. Tsang Yan entered into a sale and purchase agreement with Refulgent Sunrise Limited (the “Vendor”) in relation to the possible acquisition of 20% equity interests in Revenue Synthesis Limited, which together with its subsidiaries, engages in AIDS medication business at an aggregate consideration of HK\$237.50 million payable by way of a combination of consideration shares and convertible bonds. Details of the Acquisition were disclosed in the announcements of the Company dated 27 August 2012 and 29 October 2012.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Business Review (Continued)

The Board is of the view that the Acquisition is in line with one of the business strategies of the Group as stated in the Prospectus which is to seek investment in high-return projects. The Board is confident that given the belief that Chinese herbs, in general, are milder, have fewer side effects and are affordable to patients and the growing potential of the China's herbal medicine market for treating AIDS with few competitors. Therefore, the Board considers that the Acquisition will diversify the Group's business and in the best interests of the shareholders of the Company 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.

Financial Review

Results

For the six months ended 30 September 2012, the revenue of the Group decreased by approximately 14% to approximately HK\$5,310,000 compared to approximately HK\$6,180,000 in the corresponding period in 2011. The decrease was mainly due to the continuous unfavourable sentiment in the global economy and the volatile finance market.

As the Group was expanding after listing, the Group's administrative and operating expenses for the six months ended 30 September 2012 increased by approximately 41% to approximately HK\$3,311,000 compared to approximately HK\$2,357,000 for the corresponding period in 2011. The increase was mainly attributed to the higher level of staff complement. The remuneration was determined with reference to market norms and individual employees' performance, qualification and experience. Other staff benefits included contributions to mandatory provident fund scheme in Hong Kong and medical benefit.

The Group's profit attributable to owners for the six months ended 30 September 2012 decreased by approximately 50% to approximately HK\$1,649,000 compared to approximately HK\$3,269,000 for the corresponding period in 2011. Such decrease was mainly attributable to the above-mentioned decrease in the level of turnover and increase in administrative and operating expenses.

Liquidity, financial resources and capital structure

During the six months ended 30 September 2012, 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 2012, the Group had net current assets of approximately HK\$44,204,000 (31 March 2012: approximately HK\$42,506,000), including cash and bank balances of approximately HK\$41,159,000 (31 March 2012: approximately HK\$42,480,000). Current ratio as at 30 September 2012 was approximately 60.10 (31 March 2012: approximately 14.86).

As at 30 September 2012, the Group had no borrowing. Therefore, the gearing ratio of the Group, calculated as total debt over total asset, was nil as at 30 September 2012 (31 March 2012: Nil) as the provision of the financial services in general is labor intensive and does not involve material capital expenditures which may need to be financed by long term loans.

For the six months ended 30 September 2012, 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 2012, the Group did not have any significant capital commitments (31 March 2012: 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 2012, the Group did not pledge any of its assets (31 March 2012: nil) as securities for the banking facilities granted to the Group.

CAPITAL STRUCTURE

The shares of the Company were listed on GEM of the Stock Exchange on 12 October 2011. There has been no change in the capital structure of the Company since that date. The capital of the Company comprises of ordinary shares. As at 30 September 2012, the issued share capital of the Company is HK\$5,000,000 by divided by 500,000,000 shares.

SIGNIFICANT INVESTMENTS HELD

Except for investment in subsidiaries, during the six months ended 30 September 2012, the Group did not hold any significant investment in equity interest in any company.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the Prospectus and the announcement of the Company dated 27 August 2012, the Group did not have other plans for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the six months ended 30 September 2012, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 September 2012 (31 March 2012: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2012, the Group had 15 full-time employees (31 March 2012: 15 full-time employees), including the Directors. Total employee benefit expenses (including Directors' emoluments) were approximately HK\$1,998,000 for the six months ended 30 September 2012 as compared to approximately HK\$1,359,000 for the six months ended 30 September 2011. 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

With our Listing behind us, we have embarked on our next phase of growth, armed with a new currency and a new set of valued-shareholders to run the next league of our journey with us. We are optimistic and see potential opportunities in the corporate finance advisory services industry. As stated in the Prospectus, we will continue to pursue our core business, that is, 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 (“IPO”) fundraising business for non-listed companies. The Group also will seek to increase value-added corporate financial services to listed and non-listed companies by conducting feasible studies on various services such as debt financing and IPO sponsoring. The Group will try to retain its existing clients by offering outstanding and competitive services and to obtain more new engagements from broadening of the client base, while maintaining its existing cost-effective business structure to stay competitive in the industry.

The Group believes that enlarging its range of services is crucial to its long-term success. The Group will implement the formulated expansion and action plans for two new financial service areas (namely equity capital market, with a focus on acting as an underwriter or placing agent in fund raising or other activities of its clients, and asset management) in the financial year ending 31 March 2013.

The Group is keen on project investment. The Group will continue to study feasible projects with good potential returns to contribute a maximum wealth to shareholders of the Company. In particular, the Group will seek investment opportunities in the medical or related business, after the Group’s possible acquisition of 20% equity interests in Revenue Synthesis Limited which together with its subsidiaries engages in acquired immunodeficiency syndrome (“AIDS”) medication business, details please refer to the Company’s announcements dated 27 August 2012 and 29 October 2012. If good investment opportunities arise, the Board may consider fund raising activities to facilitate the Group’s project investment activities.

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.

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

An analysis comparing the business objectives as set out in the Prospectus with the Group's actual business progress for the period from 1 April 2012 to 30 September 2012 is set out below:

Business objectives for the period from 1 April 2012 to 30 September 2012 as stated in the Prospectus

Actual business progress for the period from 1 April 2012 to 30 September 2012

1. Enhancement of technical competence

- Recruit staff for equity and asset management divisions and provide regular training to staff

The Group was recruiting staff through online recruiters and referrals. Regular in-house and external training was provided to staff on a monthly basis

2. Expansion of the alliance network

- Explore strategic partner alliance opportunities with financial institutions

Opportunities were explored, and the Group would select some institutions as partners

- Seek co-operation with government bodies or universities

The Group was exploring cooperation opportunities

- Co-ordinate cocktails and banquets to introduce the network to other potential partner

Networking events were held and attended

3. Improvement of public awareness and brand building

- Participate in conference and meetings

Staff members participated in various conference and meetings

- Organise seminars with regard to corporate finance advisory services and follow up market campaign and monitor its effectiveness

The Group formulated plans to organize seminars and follow up market campaigns

**Business objectives for the period
from 1 April 2012 to 30 September
2012 as stated in the Prospectus**

**Actual business progress for
the period from 1 April 2012 to
30 September 2012**

4. Provision of a wider range of financial services and engagement in investment

- | | |
|--|--|
| ➤ Execute business expansion plan on other value added consulting services | The Group conducted feasible studies on debt financing and IPO sponsoring services |
| ➤ Apply for Type 9 regulated activity licence and set up infrastructure and system and begin operation | The Group was seeking suitable staff members and investment strategies |
| ➤ Apply for Type 1 & 4 regulated activities licences | The Group was in the process of applying for Type 1 regulated activity licence |
| ➤ Create a cash reserve of HK\$11.46 million for Type 1 & 4 activities | A cash reserve of HK\$11.46 million for Type 1 & 4 activities was created |

USE OF PROCEEDS GENERATED FROM LISTING ON GEM

The net proceeds from the listing of the Company were approximately HK\$31 million. During the period from the listing date on 12 October 2011 (the “Listing Date”) to 30 September 2012, the net proceeds from the listing were applied as follows:

	Planned use of proceeds as stated in the Prospectus from the Listing Date to 30 September 2012 <i>HK\$ million</i>	Actual use of proceeds from the Listing Date to 30 September 2012 <i>HK\$ million</i>	Unutilised amount of the planned use of proceeds as stated in the Prospectus from the Listing Date to 30 September 2012 <i>HK\$ million</i>
Enhancement of technical competence			
– Recruit additional staff	0.30	–	0.30
– Enhance computer system	0.30	0.10	0.20
Expansion of the alliance network	0.40	0.40	–
Improvement of public awareness and brand building	0.20	0.20	–
Provision of a wider range of financial services and engagement in investment			
– Asset management division	1.00	–	1.00
– Equity capital market division	17.36	–	17.36
Project investment	2.50	–	2.50
Working capital	1.70	1.70	–
	23.76	2.40	21.36

USE OF PROCEEDS GENERATED FROM LISTING ON GEM (CONTINUED)

Apart from the Acquisition, the Company is still in the course of identifying other high-return projects to invest in order to maximize Company's shareholder's return. As a result, the planned use of proceeds in project investment remained unutilised.

The Group was in the process of applying for Type 1 regulated activity licence and studying on the feasibility to carry out type 9 regulated activity, as a result, the planned use of proceeds in asset management division and equity capital market division remained unutilised. The Company has created a cash reserve of HK\$11.46 million for Type 1 & 4 activities.

The Directors are not aware of material change to the planned use of proceeds as at the date of this announcement. Any net proceeds were not applied were deposited in licensed bank in Hong Kong.

SHARE OPTION SCHEME

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

From the adoption date of the Scheme to 30 September 2012, no share option was granted, exercised or lapsed under the Scheme.

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

The Company's shares were listed on GEM of the Stock Exchange on 12 October 2011. As at the date of this announcement, the interests and short positions of each Director and chief executive officer of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in the Company

Name of Director and chief executive	Capacity	Number of ordinary shares held	Number of underlying shares pursuant to share option	Aggregate interests	Approximate percentage of shareholding in the Company
Mr. Wong	Interest held as beneficial owner and through controlled corporation	300,000,000 (Note)	–	300,000,000	60.00%
Ms. Man Wing Yee Ginny	Beneficial owner	47,510,000	–	47,510,000	9.50%

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

Save as disclosed above, as at 30 September 2012, 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 2012, 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 Director and chief executive	Capacity	Number of ordinary shares held	Number of underlying shares pursuant to share option	Aggregate interests	Approximate percentage of shareholding in the Company
Mr. Wong	Interest held as beneficial owner and through controlled corporation	300,000,000 (Note)	–	300,000,000	60.00%
Ms. Man Wing Yee Ginny	Beneficial owner	47,510,000	–	47,510,000	9.50%

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

Save as disclosed above, as at 30 September 2012, 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 2012.

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 30 September 2012. 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 six months ended 30 September 2012, 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 2012.

CODE OF CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied with all the code provisions as set out in Appendix 15 to the GEM Listing Rules from the date of Listing up to 30 September 2012, except code provision A.2.1 which provides that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The Board considers that the Company is still in its growing stage and it would be beneficial to the Group for Mr. Wong to assume both roles as the chief executive officer and executive chairman of the Company, since the two roles tend to reinforce each other and are mutually enhancing in respect of the Group's continual growth and development. When the Group has developed to a more sizeable organization, the Board will consider splitting the two roles. With the strong business experience of the Directors, they do not expect any issues would arise due to the combined role of Mr. Wong. The Group also has in place an internal control system to perform the check and balance function.

AUDIT COMMITTEE

The Company set up an audit committee (the "Committee") on 21 September 2011, with written terms of reference in compliance with the GEM Listing Rules, for the purpose of reviewing and providing supervision over the financial reporting process and internal control of the Group. The Committee comprises 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 2012 have not been audited by the Company's auditors, but have been reviewed by the Committee, who is of the opinion that the interim financial statements comply with the applicable accounting standards, the Stock Exchange and legal requirements, and that adequate disclosures have been made.

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

Hong Kong, 14 November 2012

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

This announcement will remain on the GEM website (www.hkgem.com) and on the "Latest Company Announcements" page for at least 7 days from the date of its posting. This announcement will also be published on the Company's website (www.chanceton.com).