



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 2013

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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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 2013 amounted to approximately HK\$5,805,000, representing an increase of approximately 9.32% as compared to corresponding period in 2012.
- Consolidated loss attributable to owners of the Company for the six months ended 30 September 2013 was approximately HK\$7,301,000 as compared to a profit of approximately HK\$1,649,000 in corresponding period in 2012. The loss was mainly attributable to (i) share of amortisation of intangible assets and loss of the Company's approximate 25% owned associated group amounting to approximately HK\$11,002,000; (ii) imputed interest incurred in respect of the convertible bonds in relation to the acquisition of 20% equity interest in Revenue Synthesis Limited dated 24 August 2012 amounting to approximately HK\$2,357,000; and (iii) fair value gain on contingent consideration payable of approximately HK\$4,550,000 which partially net off the loss incurred.
- **The Board wishes to draw the attention of the shareholders of the Company and potential investors to the fact that the abovementioned share of amortisation of intangible assets and loss from the Company's approximate 25% owned associated company and the imputed interest incurred relating to the convertible bonds are non-cash in nature and will not have any impact on the cash flow of the Group. The Group remains in a healthy and solid financial position. For illustrative purposes only, excluding these non-cash items, the Group would have recorded an operating profit of approximately HK\$2,350,000 for the six months ended 30 September 2013.**
- Loss per share for the six months ended 30 September 2013 was approximately HK\$0.33 cents.
- The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2013.

FINANCIAL RESULTS (UNAUDITED)

The board of Directors (the “Board”) of Chanceton Financial Group Limited (the “Company”) is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months and six months ended 30 September 2013, together with the unaudited comparative figures for the corresponding period in 2012, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 September 2013

		Three months ended 30 September 2013		Six months ended 30 September 2013	
		(Unaudited) <i>HK\$’000</i>	(Unaudited) <i>HK\$’000</i> (restated)	(Unaudited) <i>HK\$’000</i>	(Unaudited) <i>HK\$’000</i> (restated)
	<i>Notes</i>				
Revenue	4	3,625	2,170	5,805	5,310
Other revenue	4	47	31	73	93
Administrative and operating expenses		(1,765)	(1,844)	(3,046)	(3,311)
Finance costs	6	(1,185)	–	(2,357)	–
Share of results of an associate		(5,603)	–	(11,002)	–
Fair value changes on financial assets at fair value through profit or loss		(490)	–	(490)	–
Change in fair value of contingent consideration payable		4,550	–	4,550	–
(Loss)/profit before tax	7	(821)	357	(6,467)	2,092
Income tax	9	(869)	(115)	(834)	(443)
(Loss)/profit for the period		(1,690)	242	(7,301)	1,649

	Three months ended		Six months ended	
	30 September		30 September	
	2013	2012	2013	2012
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(restated)		(restated)
Other comprehensive income, net of tax				
Items that may be subsequently reclassified to profit or loss:				
Share of changes in other comprehensive income in an associate	<u>20</u>	<u>–</u>	<u>16</u>	<u>–</u>
Other comprehensive income for the period, net of tax	<u>20</u>	<u>–</u>	<u>16</u>	<u>–</u>
Total comprehensive (loss)/income for the period	<u>(1,670)</u>	<u>242</u>	<u>(7,285)</u>	<u>1,649</u>
(Loss)/profit attributable to owners of the Company for the period	<u>(1,690)</u>	<u>242</u>	<u>(7,301)</u>	<u>1,649</u>
Total comprehensive (loss)/income attributable to owners of the Company for the period	<u>(1,670)</u>	<u>242</u>	<u>(7,285)</u>	<u>1,649</u>
(Loss)/earnings per share attributable to owners of the Company				
Basic and diluted (HK cents)	<u>(0.08)</u>	<u>0.01</u>	<u>(0.33)</u>	<u>0.08</u>

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2013

	Notes	As at 30 September 2013 (Unaudited) HK\$'000	As at 31 March 2013 (Audited) HK\$'000
ASSETS			
Non-current assets			
Plant and equipment	11	174	93
Interest in an associate		272,496	235,483
		<u>272,670</u>	<u>235,576</u>
Current assets			
Trade receivables	12	4,443	786
Prepayments, deposits and other receivables	13	329	399
Financial assets at fair value through profit or loss	14	1,730	–
Amount due from a related company		76	62
Tax recoverable		341	953
Cash and cash equivalents		46,758	96,810
		<u>53,677</u>	<u>99,010</u>
Less: Current liabilities			
Other payables and accruals	15	1,609	731
Contingent consideration payable	16	64,195	68,745
		<u>65,804</u>	<u>69,476</u>
Net current (liabilities)/assets		<u>(12,127)</u>	<u>29,534</u>
Total assets less current liabilities		<u>260,543</u>	<u>265,110</u>
Less: Non-current liabilities			
Convertible bond	17	63,962	61,605
Deferred tax liabilities		9,791	9,430
		<u>73,753</u>	<u>71,035</u>
Net assets		<u><u>186,790</u></u>	<u><u>194,075</u></u>

		As at 30 September 2013 (Unaudited) HK\$'000	As at 31 March 2013 (Audited) HK\$'000
	<i>Notes</i>		
EQUITY			
Equity attributable to owners of the Company			
Share capital	18	22,200	5,550
Reserves	19	<u>164,590</u>	<u>188,525</u>
Total equity		<u>186,790</u>	<u>194,075</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2013

	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	Retained profits/ losses (Accumulated)	
At 1 April 2013 (audited)	5,550	140,781	26,360	(3)	22,856	(1,469)	194,075
Loss for the period	–	–	–	–	–	(7,301)	(7,301)
Other comprehensive income for the period	–	–	–	16	–	–	16
Total comprehensive income/ (loss) for the period	–	–	–	16	–	(7,301)	(7,285)
Issue of bonus shares (Note 18)	16,650	(16,650)	–	–	–	–	–
At 30 September 2013 (unaudited)	<u>22,200</u>	<u>124,131</u>	<u>26,360</u>	<u>13</u>	<u>22,856</u>	<u>(8,770)</u>	<u>186,790</u>
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>–</u>	<u>–</u>	<u>9,348</u>	<u>44,333</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2013

	Six months ended	
	30 September	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash outflow from operating activities	(1,952)	(1,315)
Net cash outflow from investing activities	(48,100)	(10)
Net cash outflow from financing activities	<u>—</u>	<u>—</u>
Net decrease in cash and cash equivalents	(50,052)	(1,325)
Cash and cash equivalents at beginning of period	<u>96,810</u>	<u>42,484</u>
Cash and cash equivalents at the end of period	<u>46,758</u>	<u>41,159</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS

For the six months ended 30 September 2013

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 20 April 2011 as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business is located at Unit A, 23/F, CMA Building, 64-66 Connaught Road Central, Hong Kong. The Company's shares were listed on the GEM of the Stock Exchange on 12 October 2011.

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

2. BASIS OF PRESENTATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements for the six months ended 30 September 2013 (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 2013. 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 2013, 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.

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

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.

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

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.

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

HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities ¹
HKAS 32 (Amendments)	Presentation – Offsetting Financial Assets and Financial Liabilities ¹
HKAS 36 (Amendments)	Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets ¹
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosure ²
HKFRS 9	Financial Instruments ²
HK(IFRIC) – Int 21	Levies ¹

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

2 *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. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value estimation

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

- (i) the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active markets are determined with reference to quoted market bid prices and ask prices respectively; and
- (ii) the fair values 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; 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 2013

	Carrying amount <i>HK\$'000</i>	Fair value <i>HK\$'000</i>
Financial liabilities		
Convertible bond	<u>63,962</u>	<u>65,665</u>

31 March 2013

	Carrying amount <i>HK\$'000</i>	Fair value <i>HK\$'000</i>
Financial liabilities		
Convertible bond	<u>61,605</u>	<u>61,724</u>

3. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value estimation (Continued)

The Group's financial instruments that are measured subsequent to initial recognition at fair value are grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- (i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets and liabilities.
- (ii) 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 liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- (iii) 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).

30 September 2013

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Financial asset				
Financial assets at fair value through profit or loss	<u>1,730</u>	<u>–</u>	<u>–</u>	<u>1,730</u>
Financial liabilities measured at fair value				
Contingent consideration payable	<u>–</u>	<u>–</u>	<u>64,195</u>	<u>64,195</u>

31 March 2013

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Financial liabilities measured at fair value				
Contingent consideration payable	<u>–</u>	<u>–</u>	<u>68,745</u>	<u>68,745</u>

3. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Reconciliation of Level 3 fair value measurements of financial liabilities

	Contingent consideration payable HK\$'000
Arising from the acquisition of an associate	68,698
Fair value loss recognised in profit or loss	<u>47</u>
At 31 March 2013 (Audited)	68,745
Fair value gain recognised in profit or loss	<u>(4,550)</u>
At 30 September 2013 (unaudited)	<u><u>64,195</u></u>

4. REVENUE AND OTHER REVENUE

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

	Three months ended 30 September		Six months ended 30 September	
	2013	2012	2013	2012
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Other revenue				
Management fee income	10	31	21	41
Sundry income	<u>37</u>	<u>–</u>	<u>52</u>	<u>52</u>
	<u><u>47</u></u>	<u><u>31</u></u>	<u><u>73</u></u>	<u><u>93</u></u>

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 2013 and 2012, 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 30 September		Six months ended 30 September	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Customer A	1,210	1,400	2,000	2,620
Customer B	600	640	1,210	640
Customer C	500	500	615	–
Customer D	<u>380</u>	<u>400</u>	<u>600</u>	<u>–</u>

6. FINANCE COSTS

	Three months ended 30 September		Six months ended 30 September	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Imputed interest on convertible bond	<u>1,185</u>	<u>-</u>	<u>2,357</u>	<u>-</u>

7. (LOSS)/PROFIT BEFORE TAX

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

	Three months ended 30 September		Six months ended 30 September	
	2013	2012	2013	2012
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation	19	29	38	59
Minimum lease payment under operating lease:				
– Property rental	224	136	414	321
Employee benefit expenses (including directors' remuneration)				
– Wages, salaries, allowances and bonus	1,159	1,040	2,092	1,931
– Pension scheme contributions	53	37	87	67
	<u>1,212</u>	<u>1,077</u>	<u>2,179</u>	<u>1,998</u>

8. DIVIDENDS

The Board does not recommend the payment of dividend for the six months ended 30 September 2013 (2012: Nil).

9. INCOME TAX

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

	Three months ended 30 September		Six months ended 30 September	
	2013	2012	2013	2012
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current tax	314	115	472	443
Deferred tax	555	–	362	–
	<u>869</u>	<u>115</u>	<u>834</u>	<u>443</u>

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

10. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share for each of the three months and six months ended 30 September 2013 and 2012 are calculated by dividing the (loss)/profit attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the periods.

	For the three months ended 30 September 2013	For the six months ended 30 September 2013	For the three months ended 30 September 2012 (restated)	For the six months ended 30 September 2012 (restated)
(Loss)/profit attributable to the owners of the Company	(HK\$1,690,000)	(HK\$7,301,000)	HK\$242,000	HK\$1,649,000
Weighted average number of ordinary share in issue	2,220,000,000	2,220,000,000	2,165,000,000	2,165,000,000
(Loss)/earnings per share (HK cents per share)	(0.08)	(0.33)	0.01	0.08

The weighted average number of ordinary shares for the purpose of calculating basic and diluted (loss)/earnings per share for the periods ended 30 September 2013 and 2012 have been adjusted for the effect of the completion of bonus issue on the basis of three bonus shares for every one existing share on 8 May 2013. The bonus issue has been reflected retrospectively by restating the opening number of ordinary shares at 1 April 2012.

During the period ended 30 September 2013, the Company's outstanding convertible bond was not included in the calculation of diluted loss per share because the effect of the Company's outstanding convertible bond was anti-dilutive and therefore the diluted loss per share are the same as the basic loss per share.

There was no dilutive potential ordinary shares in existence during the period ended 30 September 2012 and therefore the diluted earnings per share are the same as the basic earnings per share.

11. PLANT AND EQUIPMENT

During the three months and six months ended 30 September 2013, the Group acquired plant and equipment of approximately HK\$99,500 (2012: HK\$11,000) mainly comprising office furnitures and fixtures. There was no disposal of plant and equipment during the three months and six months ended 30 September 2013 and 2012.

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:

	As at 30 September 2013 (Unaudited) HK\$'000	As at 31 March 2013 (Audited) HK\$'000
Current to 30 days	2,805	328
31 to 60 days	460	70
61 to 90 days	360	213
Over 90 days	818	175
	<u>4,443</u>	<u>786</u>

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

	As at 30 September 2013 (Unaudited) HK\$'000	As at 31 March 2013 (Audited) HK\$'000
Prepayments	96	94
Deposits and other receivables	233	305
	<u>329</u>	<u>399</u>

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

	As at 30 September 2013 (Unaudited) HK\$'000	As at 31 March 2013 (Audited) HK\$'000
Equity securities listed in Hong Kong, at fair value	<u>1,730</u>	<u>—</u>

The above equity securities 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

	As at 30 September 2013 (Unaudited) HK\$'000	As at 31 March 2013 (Audited) HK\$'000
Other payables and accruals	<u>1,609</u>	<u>731</u>
	<u>1,609</u>	<u>731</u>

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

16. CONTINGENT CONSIDERATION PAYABLE

	As at 30 September 2013 (Unaudited) HK\$'000	As at 31 March 2013 (Audited) HK\$'000
At fair value	<u>64,195</u>	<u>68,745</u>

Pursuant to the sale and purchase agreement entered into between the Group and the vendor for the acquisition of 20% equity interest in Revenue Synthesis Limited, the Group is liable to settle the contingent consideration by the issue of the convertible bond with principal amount of HK\$100,000,000 to the vendor subject to completion of Phase IIb. The directors considered that the completion of Phase IIb shall be on or before 31 March 2014.

16. CONTINGENT CONSIDERATION PAYABLE (CONTINUED)

As at 31 March 2013, the Group recognised the liability component of convertible bond of approximately HK\$68,745,000 in the consolidated statement of financial position. As at 30 September 2013, the fair value of the liability component of convertible bond was amounted to approximately HK\$64,195,000. The fair value gain of approximately HK\$4,550,000 was recognised in the consolidated statement of comprehensive income during the six months ended 30 September 2013.

The fair values of the convertible bond as at 31 March 2013 and 30 September 2013 were determined with reference to the valuations as at those dates performed by an independent valuer. The valuations was calculated based on the present value of contractually determined stream of future cash flows discounted at the required yield, which was determined with reference to the credit rating of the Company and maturity term.

The convertible bond contains two components: liability and equity components. The equity component is presented in equity heading “other reserve”. The effective interest rate of the liability component is 9.27% and 7.78% per annum on 30 September 2013 and 31 March 2013 respectively.

The movement of the liability component of the 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	68,698
Fair value loss recognised for the year ended 31 March 2013	47
Fair value gain recognised for the six months ended 30 September 2013	<u>(4,550)</u>
As at 30 September 2013	<u><u>64,195</u></u>

17. 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 2013 and 31 March 2013 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><u>27,375</u></u>

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 six months ended 30 September 2013	<u>2,357</u>
As at 30 September 2013	<u><u>63,962</u></u>

18. SHARE CAPITAL

	<i>Note</i>	Number of ordinary shares of HK\$0.01 each	Nominal value of ordinary shares HK\$
Authorised:			
At 1 April 2012, 31 March 2013, 1 April 2013 and 30 September 2013		<u>20,000,000,000,000</u>	<u>200,000,000,000</u>
Issued and fully paid:			
At 1 April 2012		500,000,000	5,000,000
Issue of consideration shares		25,000,000	250,000
Issue of share		<u>30,000,000</u>	<u>300,000</u>
At 31 March 2012 (audited)		555,000,000	5,550,000
Issue of bonus shares	<i>1</i>	<u>1,665,000,000</u>	<u>16,650,000</u>
At 30 September 2013 (unaudited)		<u>2,220,000,000</u>	<u>22,200,000</u>

Note:

- On 8 May 2013, the Company issued 1,665,000,000 bonus shares under the basis of three bonus shares for every one existing share held by qualifying shareholders whose names appear on the register of members of the Company on the record date. For details, please refer to the Company's announcement dated 8 May 2013.

19. 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.

20. COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 September 2013, neither the Group nor the Company had any significant commitments and contingent liabilities (31 March 2013: Nil).

21. OPERATING LEASE COMMITMENTS

As at 30 September 2013 and 31 March 2013, 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 2013 (Unaudited) HK\$'000	As at 31 March 2013 (Audited) HK\$'000
Within one year	921	54
In the second to fifth years, inclusive	<u>1,802</u>	<u>—</u>
	<u>2,723</u>	<u>54</u>

22. 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 2013, the Group management fee income of approximately HK\$21,000 receivable (2012: 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 2013 (Unaudited) HK\$'000		Six months ended 30 September 2013 (Unaudited) HK\$'000	
	2013	2012	2013	2012
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Short term employees benefits	739	673	1,478	1,326
Post-employment benefits	<u>27</u>	<u>21</u>	<u>57</u>	<u>45</u>
Total compensation paid to key management personnel	<u>766</u>	<u>694</u>	<u>1,535</u>	<u>1,371</u>

23. EVENTS AFTER THE REPORTING PERIOD

On 17 October 2013, the Group has established a medical committee (the “Medical Committee”) comprises of three reputable medical and pharmaceutical experts in the PRC, namely Academician Zeng Yi (“Academician Zeng”), Professor Li Zelin (“Professor Li”) and Professor Liu Shuwen (“Professor Liu”). Pursuant to the terms of reference of the Medical Committee, duties and responsibilities of the members of the Medical Committee as below:

1. providing professional advice and consultation to the Group’s acquired immunodeficiency syndrome (“AIDS”) medication business (the “AIDS Medication Business”);
2. assisting in the promotion of the Group’s AIDS Medication Business so as to expand the target customer group;
3. introducing strategic investors to the Group and promoting investment opportunities of the Group to potential investors;
4. providing the up to date information of the medicine and therapies which are related to AIDS medication, prevention and/or control of AIDS to the Group;
5. providing consultation to the Group on any upcoming projects or investment opportunities which is related to the Group’s AIDS Medication Business.

Qualifications and experiences of the abovementioned professionals and details please refer to the announcement of the Company dated 17 October 2013.

24. APPROVAL OF INTERIM FINANCIAL STATEMENTS

The Interim Accounts were approved and authorised for issue by the Board on 13 November 2013.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is principally engaged in the provision of corporate finance advisory services mainly to listed and non-listed companies in Hong Kong and the PRC. The Group continues seeking to position itself as one of the active local corporate finance advisory service providers in Hong Kong. The Group provides a broad range of corporate finance advisory services to its clients, including:

- (i) advising on the The Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rule”), the GEM Listing Rules and The Codes on Takeovers and Mergers and Share Repurchases (the “Takeovers Code”);
- (ii) acting as independent financial adviser to transactions of listed issuers falling under the Listing Rules, the GEM Listing Rules and the Takeovers Code;
- (iii) advising on merger(s) and acquisition(s) (the “M&A”) activities and other corporate activities; and
- (iv) advising on corporate resumption.

During the period under review, the Group continued to focus on the provision of corporate finance advisory services to its clients. The Group also continued to maintain professional networks to facilitate new client referrals and client retention through business luncheons, dinners, cocktails and other social occasions, and involvement in various professional bodies and educational institutions. Despite the continuous unfavourable sentiment in the global economy and the volatile finance market, the Group recorded revenue of approximately HK\$5,805,000 for the six months ended 30 September 2013, representing an increase of approximately 9.32% when compared to the corresponding period in 2012.

With an aim to broaden the income source and diversify the business risk of the Group, the Group had acquired an aggregate of approximately 25% equity interest in Revenue Synthesis Limited, which together with its subsidiaries (the “Revenue Synthesis Group”), engage in research and development of the acquired AIDS medication capsule (the “AIDS Medication Capsule”) as well as related medicines and pharmaceutical products in China and owns the patent of the AIDS Medication Capsule. As at 30 September 2013, Revenue Synthesis Group is in the process of initiating and conducting of phase IIb clinical trial phase (the “Phase IIb”) to evaluate the efficacy and safety with a designated quantity of AIDS Medication Capsule for AIDS patients and the Board is following up closely on the progress of Phase IIb with due care, further announcement will be made for any update on the process of the clinical trials of the AIDS Medication Capsule when and where appropriate.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Business Review (Continued)

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

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

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

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

* *for identification only*

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Financial Review

Results

For the six months ended 30 September 2013, the revenue of the Group increased by approximately 9.32% to approximately HK\$5,805,000 compared to approximately HK\$5,310,000 in the corresponding period in 2012. The increase was mainly due to the successful exploration of new clients and retention of existing clients as a result of increased marketing effort and continuous provision of prompt and high-quality financial advisory services by our staff.

The Group's administrative and operating expenses for the six months ended 30 September 2013 decreased by approximately 8.00% to approximately HK\$3,046,000 compared to approximately HK\$3,311,000 for the corresponding period in 2012. The decrease was mainly attributed (i) deduction of general office operating expenses; (ii) a significant decrease in legal and professional fees (2012: one-off non recurring legal and professional fees of approximately HK\$500,000 incurred in relation to the acquisition of 20% equity interest in Revenue Synthesis Limited); and (iii) increase in staff costs as a result of introduction of new board members to the Board and hire of new staff.

The Group's loss attributable to owners of the Company for the six months ended 30 September 2013 was approximately HK\$7,301,000 compared to a profit of approximately HK\$1,649,000 in the corresponding period last year. The loss was mainly attributable to (i) share of amortisation of intangible assets and loss of the Company's approximate 25% owned associated group amounting to approximately HK\$11,002,000; (ii) imputed interest incurred in respect of the convertible bonds in relation to the acquisition of 20% equity interest in Revenue Synthesis Limited dated 24 August 2012 amounting to approximately HK\$2,357,000; and (iii) fair value gain on contingent consideration payable of approximately HK\$4,550,000 which partially net off the loss incurred. **The Board wishes to draw the attention of the shareholders of the Company and potential investors to the fact that the abovementioned items are non-cash in nature and will not have any impact on the cash flow of the Group. The Group remains in a healthy and solid financial condition. For illustrative purposes only, excluding these non-cash items, the Group would have recorded an operating profit of approximately HK\$2,350,000 for the six months ended 30 September 2013.**

Liquidity, financial resources and capital structure

During the six months ended 30 September 2013, 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 2013, the Group had total assets of approximately HK\$326,347,000 (31 March 2013: approximately HK\$334,586,000), including cash and bank balances of approximately HK\$46,758,000 (31 March 2013: approximately HK\$96,810,000) which were financed by total liabilities of HK\$139,557,000 and total equity of HK\$186,790,000. Accordingly, the Group's ratio of debts to total assets and debts to equity are 42.76% (31 March 2013: 42.00%) and 74.71% (31 March 2013: 72.40%), respectively.

The Group's gearing ratios as at 30 September 2013 was 68.61% (31 March 2013: 67.16%). Gearing ratio is calculated by dividing total net debt with the total equity. The increase in gearing ratio was due to the decrease in total equity as a result of loss incurred.

For the six months ended 30 September 2013, 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 2013, the Group did not have any significant capital commitments (31 March 2013: 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 2013, the Group did not pledge any of its assets (31 March 2013: nil) as securities for the banking facilities granted to the Group.

CAPITAL STRUCTURE

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 capital of the Company comprises of ordinary shares. As at 30 September 2013, the issued share capital of the Company is HK\$22,200,000 divided into 2,220,000,000 shares.

SIGNIFICANT INVESTMENTS HELD

Except for investment in subsidiaries and an approximately 25% owned associated group, during the six months ended 30 September 2013, 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 of the Company dated 28 September 2011 and the announcements of the Company dated 24 August 2012 and 9 May 2013, the Group did not have other plans for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

Save as disclosed in the announcement of the Company dated 9 May 2013, during the six months ended 30 September 2013, 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 2013 (31 March 2013: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2013, the Group had 18 full-time employees (31 March 2013: 16 full-time employees), including the Directors. Total employee benefit expenses (including Directors' emoluments) were approximately HK\$2,179,000 for the six months ended 30 September 2013 as compared to approximately HK\$1,998,000 for the six months ended 30 September 2012. Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. Discretionary bonuses will be paid to employees with reference to the financial performance of the Group in the preceding financial year as recognition of and reward for their contributions. Other benefits include contributions to statutory mandatory provident fund scheme and medical benefit to its employees in Hong Kong.

OUTLOOK

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

The acquisition of Revenue Synthesis Limited, which engaging in AIDS medication business represents an important milestone to the Group given the huge market potential in the AIDS medication industry.

The Group will continue to explore opportunities in AIDS medication industry as well as other related medical and pharmaceutical business and will continue to seek for any possible acquisitions, including but not limited to, medical related business when opportunities arise which is in line with the aim to broaden the income source and diversify the business risk of the Group.

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

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 2013 to 30 September 2013 is set out below:

Business objectives for the period from 1 April 2013 to 30 September 2013 as stated in the Prospectus

Actual business progress for the period from 1 April 2013 to 30 September 2013

1. Enhancement of technical competence

- Provide regular training to staff

Our Group had provided regular in-house and/or external training to staff on a monthly basis.

2. Expansion of the alliance network

- Continue the marketing campaign

Our Group's marketing team co-operate with our professional PR firm to promote our Group. In addition, we have been posting news and updates of our Group regularly on a magazine namely, "The Rail Monthly" (直通車) to promote our Group

- Continue to form additional strategic partner alliances in Hong Kong and the PRC

Certain strategic partners had been identified and approached as a result of active participation in networking and marketing events.

3. Improvement of public awareness and brand building

- Implement systematic marketing plans

Our Group, together with our professional PR firm had implemented certain systematic marketing plans, inter alia, (i) regular posting of news and updates in "The Rail Monthly" magazine; (ii) organize reporters conference to update our Group's latest business development when and where appropriate; and (iii) participation in several commercial seminars to increase our Group's exposure to public

**Business objectives for the period
from 1 April 2013 to 30 September
2013 as stated in the Prospectus**

**Actual business progress for
the period from 1 April 2013 to
30 September 2013**

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

- | | |
|--|--|
| ➤ Continue to provide a wide range of business and financial advisory services | The Group has been providing regular in-house and/or external training to our staff to improve our quality of service and widen our range of service to our clients and potential clients. |
| ➤ Continue to review and evaluate the newly developed business | The Group is actively following up with the status of our invested business in AIDS medication industry |

Looking ahead, the Group will continue to streamline its existing business operations and to explore other business opportunities which are in line with the Group's development strategy and will provide long-term benefits to the Company's shareholders.

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 2013, 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 2013 <i>HK\$ million</i>	Actual use of proceeds from the Listing Date to 30 September 2013 <i>HK\$ million</i>	Unutilised amount of the planned use of proceeds as stated in the Prospectus from the Listing Date to 30 September 2013 <i>HK\$ million</i>
Enhancement of technical competence			
– Recruit additional staff	0.30	0.30	–
– Enhance computer system	0.30	0.30	–
Expansion of the alliance network	0.80	0.80	–
Improvement of public awareness and brand building	0.50	0.50	–
Provision of a wider range of financial services and engagement in investment			
– Asset management division	6.00	–	6.00
– Equity capital market division	18.46	3.00	15.46
Project investment	2.50	2.50	–
Working capital	1.70	1.70	–
	30.56	9.10	21.46

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 studying and exploring on the feasibility to carry out type 9 and type 1 regulated activities, as a result, the planned use of proceeds in asset management division and equity capital market division was utilised in minimal amount.

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 2013, no share option was granted, exercised or lapsed under the Scheme.

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

As at 30 September 2013, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in the Company

Name of Director and chief executive	Type of interests	Number of ordinary shares held	Number of underlying shares held	Approximate percentage of shareholding in the Company
Ms. Ho Chiu Ha Maisy (Note 1)	Beneficial owner	336,000,000	–	15.14%
	Interest of a controlled corporation	100,000,000	300,000,000	18.02%
Mr. Wong Kam Wah (Note 2)	Interest of a controlled corporation	960,000,000	–	43.24%
Mr. Tsang Yan (Note 1)	Interest of a controlled corporation	100,000,000	300,000,000	18.02%
Ms. Man Wing Yee Ginny	Beneficial owner	190,040,000	–	8.56%

Note(s):

- Ms. Ho Chiu Ha Maisy has a total interest in 736,000,000 shares/underlying shares (representing an aggregate of approximately 33.16% shareholding in the Company), of which (i) 100,000,000 shares were allotted to Refulgent Sunrise Limited, a company owned as to 36% by Ms. Ho Chiu Ha Maisy and it is an approximately 75% shareholder of Revenue Synthesis Limited, an associated corporation of the Company. As a result, Ms. Ho Chiu Ha Maisy is deemed to be interested in the approximately 75% shareholding in Revenue Synthesis Limited and the 100,000,000 shares of the Company through Refulgent Sunrise Limited by virtue of the SFO; (ii) Ms. Ho Chiu Ha Maisy personal held 336,000,000 shares; and (iii) 300,000,000 shares relate to her derivative interests in convertible bonds through her shareholding in Refulgent Sunrise Limited. Details of which are disclosed in "Convertible Bonds" below.

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

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

Convertible bonds

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

Save as disclosed above, as at 30 September 2013, none of the Directors and chief executive of the Company had any other interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 September 2013, so far as was known to the Directors, the following persons/entities (other than the Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any member of the Group were as follows:

Long positions in the Company

Name of shareholders	Capacity	Number of ordinary shares held	Number of underlying shares held	Approximate percentage of shareholding in the Company
Kate Glory Limited (Note 1)	Beneficial owner	960,000,000	–	43.24%
Ms. Man Wing Yee Ginny	Beneficial owner	190,040,000	–	8.56%
Ms. Ho Chiu Ha Maisy (Note 2)	Beneficial owner	336,000,000		15.14%
Refulgent Sunrise Limited (Note 2)	Beneficial owner	100,000,000	300,000,000	18.02%

Note:

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

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES (CONTINUED)

Save as disclosed above, as at 30 September 2013, the Directors were not aware of any other persons/entities (other than the Directors and chief executive of the Company) who had interests or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or who is directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any member of the Group.

DIRECTOR'S RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

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

Neither the Company, nor any of its subsidiaries, has purchased, redeemed or sold any of the Company's listed shares during the six months ended 30 September 2013.

INTERESTS OF THE JOINT COMPLIANCE ADVISER

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

DIRECTOR'S INTERESTS IN COMPETING INTERESTS

During the six months ended 30 September 2013, none of the Directors, the management shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) had any interest in a business which causes or may cause a significant competition with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all directors, the Company was not aware of any non-compliance with such required standard of dealings and its code of conduct regarding securities transactions by directors during the six months ended 30 September 2013.

CODE OF CORPORATE GOVERNANCE PRACTICES

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

AUDIT COMMITTEE

The Company set up an audit committee (the “Committee”) on 21 September 2011, with written terms of reference in compliance with the GEM Listing Rules, for the purpose of reviewing and providing supervision over the financial reporting process and internal control of the Group. The Committee comprises three independent non-executive Directors, namely Mr. Chiu Chi Kong, Mr. William Robert Majcher and Mr. Yau Yan Ming Raymond (as the Committee chairman) and an executive Director, Mr. Lau Ling Tak. The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 September 2013 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
Chief Executive officer and Executive Director

Hong Kong, 13 November 2013

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

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).