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## **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)**

### **DISCLOSEABLE TRANSACTION ACQUISITION OF 20% EQUITY INTERESTS IN REVENUE SYNTHESIS LIMITED RELATING TO AIDS MEDICATION BUSINESS, INVOLVING ISSUE OF CONSIDERATION SHARES AND CONVERTIBLE BONDS UNDER GENERAL MANDATE**

On 24 August 2012 (after trading hours), the Vendor, the Purchaser, a wholly-owned subsidiary of the Company, and Mr. Tsang, entered into the Sale and Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Sale Shares, representing 20% of the issued share capital of the Target Company, at an aggregate Consideration of HK\$237.50 million. The Consideration shall be satisfied by the Purchaser by procuring the Company to issue and allot the Consideration Shares and the Convertible Bonds under general mandate.

To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, as at the date of this announcement, the Vendor, its ultimate beneficial shareholders and the Tsang's are all Independent Third Parties.

As the largest of the applicable percentage ratios calculated under Rule 19.07 of the GEM Listing Rules in respect of the Acquisition under the Sale and Purchase Agreement exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company under the GEM Listing Rules.

**The Sale and Purchase Agreement is subject to a series of conditions which may or may not be fulfilled and the Acquisition may or may not be completed. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in securities of the Company.**

The Board is pleased to announce that on 24 August 2012 (after trading hours), the Vendor, the Purchaser, a wholly-owned subsidiary of the Company, and Mr. Tsang, entered into the Sale and Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Sale Shares, representing 20% of the issued share capital of the Target Company, at an aggregate Consideration of HK\$237.50 million. Details of the Sale and Purchase Agreement are set out below.

## **THE SALE AND PURCHASE AGREEMENT**

**Date:** 24 August 2012

**Parties:**

- (1) Refulgent Sunrise Limited, a company incorporated in BVI with limited liability and an investment holding company, and its entire issued share capital is owned as to 64% by Mr. Tsang and 36% by Ms. Ho.
- (2) Mysteriously Time Investments Limited, a company incorporated in BVI with limited liability. It is an investment holding company and is a wholly-owned subsidiary of the Company
- (3) Mr. Tsang

### **Subject matter of the Sale and Purchase Agreement**

Pursuant to the Sale and Purchase Agreement, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Sale Shares, representing 20% of the issued share capital of the Target Company on the Completion Date. In addition, Mr. Tsang has provided certain procurements and undertakings in relation to the Acquisition including, among others, procuring the Tsang's to execute their respective undertaking letters and non-competition deeds.

As at the date of this announcement, the entire issued share capital of the Target Company is wholly owned by the Vendor and Mr. Tsang owns the entire issued share capital of Galaxies River which holds the entire issued share capital of BSTL, while the entire issued share capital of Beijing Century Health is owned as to 92% by Dr. Lee and 8% by Mr. Tsang respectively. Immediately prior to the Completion and following the completion of the Reorganisation, the Vendor will be beneficially interested in the entire equity interests in Beijing Century Health. The principal business of Beijing Century Health is in the research and development of the AIDS Medication Capsule, as well as related medicines and pharmaceutical products in China.

Mr. Tsang and Ms. Ho are the directors of the Target Company. The Vendor is beneficially interested in the entire issued share capital of the Target Company as at the date of this announcement. To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, as at the date of this announcement, the Vendor, its ultimate beneficial shareholders and the Tsang's are all Independent Third Parties.

## **Consideration**

The Consideration for the Sale Shares is HK\$237.50 million and shall be payable by the Purchaser in the following manners:

- (a) HK\$50 million shall be satisfied by the Purchaser by procuring the Company to issue and allot 25,000,000 Consideration Shares at the Issue Price of HK\$2 per Consideration Share to the Vendor on the Completion Date;
- (b) HK\$87.50 million shall be satisfied by the Purchaser by procuring the Company to issue the First Tranche Convertible Bonds to the Vendor, upon the completion of the Phase IIa of the clinical trials of the AIDS Medication Capsule with the results of such clinical trial reports published by relevant hospitals having satisfied the Purchaser at the absolute discretion of the Purchaser (the “First Milestone”); and
- (c) HK\$100 million shall be satisfied by the Purchaser by procuring the Company to issue the Second Tranche Convertible Bonds to the Vendor, upon the completion of the Phase IIb of the clinical trials of the AIDS Medication Capsule with the results of such clinical trial reports published by relevant hospitals having satisfied the Purchaser at the absolute discretion of the Purchaser (the “Second Milestone”).

If the Vendor fails to obtain all Consideration because of falling short of any of the First Milestone or Second Milestone on 31 March 2014 (or such other date as may be agreed between the parties to the Sale and Purchase Agreement), the Company has the right not to deliver the remaining Consideration which has not delivered to the Vendor (the “Remaining Consideration”). The Vendor guarantees and undertakes to the Purchaser that, in any event, the Vendor will abandon all rights to the Remaining Consideration.

The Consideration under the Sale and Purchase Agreement has been determined after arm’s length negotiation between the parties with reference to, among other things, (i) the commercial viability and competitiveness of the AIDS Medication Capsule; (ii) the growth potential of the AIDS Medication Capsule market and Beijing Century Health; and (iii) the preliminary appraised value of 100% equity interest in Beijing Century Health as at 15 May 2012 of approximately HK\$1,400 million performed by an independent valuer using the income approach.

## **Consideration Shares**

Upon Completion, the Company will issue and allot, credited as fully paid, Consideration Shares at the Issue Price of HK\$2 per Consideration Share to the Vendor as partial settlement of the Consideration. The Consideration Shares represent 5% of the existing issued share capital of the Company as at the date of this announcement and represent approximately 4.76% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares.

The Consideration Shares, when issued, allotted, and fully paid, will rank pari passu in all respects among themselves and with the Shares in issue on the date of issue and allotment of the Consideration Shares.

### *Issue Price of the Consideration Shares*

The Issue Price, being HK\$2 per Consideration Share was determined after arm's length negotiation between the Purchaser and the Vendor with reference to the market prices of the Shares prior to the entering into of the Sale and Purchase Agreement. The Issue Price represents:

- (i). no premium or discount as compared with the closing price of HK\$2 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii). a discount of approximately 0.50% over the average closing price of approximately HK\$2.01 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including the Last Trading Day;
- (iii). a discount of approximately 2.44% over the average closing price of approximately HK\$2.05 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day;
- (iv). approximately 22.22 times over the Group's audited consolidated net assets of approximately HK\$0.09 per Share calculated based on the Group's audited consolidated net assets of approximately HK\$42,684,000 as at 31 March 2012 and 500,000,000 Shares in issue as at the date of this announcement.

### **The First Tranche Convertible Bonds and the Second Tranche Convertible Bonds**

Upon completion of the First Milestone, the Company will issue to the Vendor the First Tranche Convertible Bonds as partial settlement of the Consideration for the Acquisition. Upon completion of the Second Milestone, the Company will issue to the Vendor the Second Tranche Convertible Bonds.

Assuming all the First Tranche Convertible Bonds and Second Tranche Convertible Bonds are issued, upon exercise of the conversion rights attached to the First Tranche Convertible Bonds and the Second Tranche Convertible Bonds in full, the Company will issue and allot 35,000,000 First Tranche Conversion Shares and 40,000,000 Second Tranche Conversion Shares, which in aggregate represent (i) 15% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 12.50% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares, the First Tranche Conversion Shares and the Second Tranche Conversion Shares upon the exercise of the conversion rights attached to the First Tranche Convertible Bonds and the Second Tranche Convertible Bonds in full (assuming that there is no change in the existing issued share capital of the Company from the date of this announcement to the conversion date other than the issue of the Consideration Shares, the First Tranche Conversion Shares and the Second Tranche Shares and assuming all First Tranche Convertible Bonds and the Second Tranche Convertible Bonds are issued).

*Principal terms of the Convertible Bonds*

The principal terms and conditions of the Convertible Bonds are summarized as follows:

Issuer	:	The Company
Issue date	:	First Tranche Convertible Bonds – the date of satisfaction of the First Milestone.  Second Tranche Convertible Bonds – the date of satisfaction of the Second Milestone.
Principal amount	:	First Tranche Convertible Bonds – HK\$87.50 million.  Second Tranche Convertible Bonds – HK\$100 million.
Issue price of the Convertible Bonds	:	100% at the principal amount of the Convertible Bonds.
Maturity date	:	The fifth anniversary of the date of issue of the First Tranche Convertible Bonds and the Second Tranche Convertible Bonds respectively.
Interest rate	:	Nil
Conversion Price	:	HK\$2.5 per First Tranche Conversion Share and HK\$2.5 per Second Tranche Conversion Share, subject to adjustments for adjustment provisions summarized below.
Conversion Shares	:	A total of 75,000,000 new Shares (35,000,000 new Shares and 40,000,000 new Shares for the conversion of the First Tranche Convertible Bonds and the Second Tranche Convertible Bonds respectively), subject to adjustment provisions, of a par value of HK\$0.01 each to be issued upon conversion of the Convertible Bonds.
Conversion Period	:	The period commencing on the date of issue of the Convertible Bonds and expiring on the Maturity Date.
Conversion rights	:	Bondholder will have the right to convert the Convertible Bonds in whole or in part (in an integral multiple of HK\$1,000,000) of the outstanding principal amount of the Convertible Bonds on any business day during the Conversion Period.

Conversion right of the Convertible Bonds shall not be exercised by the Bondholder if:

- (i) the Bondholder and parties acting in concert with it will directly or indirectly control or be interested in such percentage of voting rights of the Company which the Bondholder would be obliged to make a general offer under the Takeovers Code;
- (ii) the Company will be unable to meet the public float requirements under the GEM Listing Rules; or
- (iii) the Bondholder or the Company will as a result of the issue of the relevant Conversion Shares be in breach of the GEM Listing Rules, the Takeovers Code or applicable laws or regulations.

Redemption : Unless previously converted, the Convertible Bonds will be redeemed by the Company on the Maturity Date at its principal amount outstanding. The Company shall have the right to redeem the whole or any part(s) of the principal amount of the Convertible Bonds at any time on any business day prior to the Maturity Date.

Adjustment provisions : The Conversion Price shall from time to time be adjusted upon the occurrence of certain events in relation to the Company including but not limited to the following:

- (i) consolidation or sub-division;
- (ii) capitalization of profits or reserves;
- (iii) capital distributions;
- (iv) rights issue of Shares or options over Shares etc;
- (v) rights issue of other securities of the Company;
- (vi) issues at less than prevailing market prices; and
- (vii) other dilutive events.

Transferability : The Convertible Bonds or any part(s) thereof may be assigned or transferred to any third party during the period commencing from the date of such issue and until the Maturity Date (as defined above), subject to the conditions, approvals, requirements and any other provisions of or under (i) the Stock Exchange or their rules and regulations; (ii) the approval for listing in respect of the Conversion Shares; and (iii) all applicable laws and regulations, or any others as disclosed in the instrument.

If the Convertible Bonds are transferred to a connected person (as defined in the GEM Listing Rules) (except the transfer of the Convertible Bonds to the holding company or subsidiary of the Bondholder) of the Company or its associate(s) (as defined in the GEM Listing Rules), the Company shall immediately notify the Stock Exchange and all such transfer shall be made subject to having obtained the written consent from the Company and prior approval of the Stock Exchange (if necessary) and full compliance with the GEM Listing Rules.

Voting : Bondholder will not be entitled to attend or vote at any shareholders' meetings of the Company by reason only of its being a Bondholder.

Listing : No application will be made by the Company for the listing or permission to deal in the Convertible Bonds on the Stock Exchange. An application will be made by the Company to the Stock Exchange for the listing of and permission to deal in the Conversion Shares.

Ranking of the First Tranche Conversion Shares and the Second Tranche Conversion Shares : Shares issued upon conversion will rank pari passu in all respects among themselves and with other existing Shares outstanding at the date of issue of the Conversion Shares and be entitled to all dividends and other distributions the record date of which falls on a date on or after the date of their issue.

#### *Conversion Price*

The Conversion Price at HK\$2.5 per Conversion Share was determined after arm's length negotiations between the Purchaser and the Vendor with reference to the prevailing market prices of the Shares, and represents:

- (i) a premium of approximately 25% to the closing price of HK\$2 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (ii) a premium of approximately 24.38% to the average closing price of approximately HK\$2.01 per Share for the 5 consecutive trading days immediately prior to and including the Last Trading Date;

- (iii) a premium of approximately 21.95% to the average closing price of approximately HK\$2.05 per Share for the 10 consecutive trading days immediately prior to and including the Last Trading Date;
- (iv) approximately 27.78 times over the Group's audited consolidated net assets of approximately HK\$0.09 per Share calculated based on the Group's audited consolidated net assets of approximately HK\$42,684,000 as at 31 March 2012 and 500,000,000 Shares in issue as at the date of this announcement.

The Consideration Shares, the First Tranche Conversion Shares and the Second Tranche Conversion Shares will be issued and allotted under the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 31 July 2012 (the "General Mandate"). Under the General Mandate, a maximum of 100,000,000 new Shares may fall to be issued and allotted. As at the date of this announcement, the General Mandate has not been previously utilised. The Consideration Shares, the First Tranche Conversion Shares and the Second Tranche Conversion Shares will fully utilise the General Mandate. As such, the General Mandate will be sufficient for, and no further Shareholders' approval is required for, the issue and allotment of the Consideration Shares, the First Tranche Conversion Shares and the Second Tranche Conversion Shares. The Company will make an application to the Stock Exchange for the listing of and permission to deal in the Consideration Shares, the First Tranche Conversion Shares and the Second Tranche Conversion Shares.

## Shareholding Structure

The following table sets out the shareholding structure of the Company as at the date of this announcement and the changes thereto as a result of (i) the issue and allotment of the Consideration Shares; (ii) the issue and allotment of the Consideration Shares and the First Tranche Conversion Shares upon exercise of the conversion rights attached to the First Tranche Convertible Bonds at the Conversion Price of HK\$2.5, subject to adjustments, in full; and (iii) the issue and allotment of the Consideration Shares, the First Tranche Conversion Shares and the Second Tranche Conversion Shares upon exercise of the conversion rights attached to the First Tranche Convertible Bonds and the Second Tranche Convertible Bonds at the Conversion Price of HK\$2.5, subject to adjustments, respectively, in full:

	As at the date of this announcement		Immediately after the issue and allotment of the Consideration Shares		Immediately after the issue and allotment of (i) the Consideration Shares and (ii) the First Tranche Conversion Shares upon exercise of the conversion rights attached to the First Tranche Convertible Bonds in full (for illustrative purpose only) <i>(Note1)</i>		Immediately after the issue and allotment of (i) the Consideration Shares, and (ii) the First Tranche Conversion Shares and the Second Tranche Conversion Shares upon exercise of the conversion rights attached to the First Tranche Convertible Bonds and the Second Tranche Convertible Bonds in full (for illustrative purpose only) <i>(Note1)</i>	
	<i>Number of Shares</i>	<i>% (Approx.)</i>	<i>Number of Shares</i>	<i>% (Approx.)</i>	<i>Number of Shares</i>	<i>% (Approx.)</i>	<i>Number of Shares</i>	<i>% (Approx.)</i>
Mr. Wong Kam Wah <i>(Note2)</i>	300,000,000	60.00	300,000,000	57.14	300,000,000	53.57	300,000,000	50.00
Ms. Man Wing Yee Ginny <i>(Note 3)</i>	47,510,000	9.50	47,510,000	9.05	47,510,000	8.48	47,510,000	7.92
Public:								
Vendor <i>(Note 4)</i>	-	-	25,000,000	4.76	60,000,000	10.71	100,000,000	16.67
Ms. Ho <i>(Note 4)</i>	24,000,000	4.80	24,000,000	4.57	24,000,000	4.29	24,000,000	4.00
Other public Shareholders <i>(Note 5)</i>	128,490,000	25.70	128,490,000	24.48	128,490,000	22.95	128,490,000	21.41
Public Subtotal:	-	30.50	-	33.81	-	22.95	-	21.41
						<i>(Note 5)</i>		<i>(Note 5)</i>
Total	<u>500,000,000</u>	<u>100.00</u>	<u>525,000,000</u>	<u>100.00</u>	<u>560,000,000</u>	<u>100.00</u>	<u>600,000,000</u>	<u>100.00</u>

*Notes:*

- 1) Pursuant to the Sale and Purchase Agreement, the Vendor and its parties acting in concert shall at no time hold more than 30% or more voting rights of the Company and shall not carry out any action such that a mandatory general offer obligation under the Takeovers Code will be triggered on the part of the Vendor and its parties acting in concert. In addition, the Vendor shall not exercise the conversion rights if such conversion would result in the Company's non-compliance with the minimum public shareholding requirement stipulated under Rule 11.23 of the GEM Listing Rules or other requirements under the GEM Listing Rules.

Accordingly, the above scenarios upon full conversion of different tranches of the Convertible Bonds are presented for illustrative purposes only and may not happen in the light of the restrictions imposed under the terms of the Sale and Purchase Agreement.

- 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. Mr. Wong Kam Wah is deemed to be interested in 300,000,000 Shares held by Kate Glory Limited.
- 3) Ms. Man Wing Yee Ginny is a non-executive Director of the Company.
- 4) The Vendor is a company incorporated in BVI with limited liability and is owned as to 64% by Mr. Tsang and as to 36% by Ms. Ho. Accordingly, Ms. Ho is deemed to be interested in the Shares held by the Vendor. Apart from her indirect interests in the Shares through the Vendor, Ms. Ho also directly and beneficially holds 24,000,000 Shares.
- 5) Upon issue and allotment of the Consideration Shares and assuming full conversion of the First Tranche Convertible Bonds and the Second Tranche Convertible Bonds, the Vendor will be a substantial shareholder of the Company under the GEM Listing Rules and will not be treated as a member of the public. The total number of Shares held by the public Shareholders will be (i) 128,490,000 Shares representing approximately 22.95% of the total issued share capital of the Company upon issue and allotment of the Consideration Shares and assuming full conversion of the First Tranche Convertible Bonds; and (ii) 128,490,000 Shares representing approximately 21.41% of the total issued share capital of the Company upon issue and allotment of the Consideration Shares and assuming full conversion of the First Tranche Convertible Bonds and the Second Tranche Convertible Bonds. The Company confirmed that it will monitor closely and ensure the Company is maintaining the minimum public float requirements as prescribed under the GEM Listing Rules from time to time. Pursuant to the terms and conditions of the Convertible Bonds, should there be a possibility that the Company's public float will fall below the minimum prescribed percentage under the GEM Listing Rules upon the exercise of the conversion rights, the Company will not issue the Conversion Shares.

## Conditions precedent to the Completion

Completion of the Acquisition under the Sale and Purchase Agreement, among other things, is conditional upon the fulfilment or waiver (where applicable) of the following conditions:

- (a) The Purchaser has completed the due diligence on the Target Group (including but not limited to commercial, financial, intellectual properties, employees and legal aspects) and the Company, in its sole discretion, is satisfied with the results.
- (b) In respect of the Reorganisation:
  - (i) The Vendor and Mr. Tsang (Mr. Tsang procures the Tsang's) having completed the Reorganisation pursuant to the Sale and Purchase Agreement and having completed all necessary approvals, registration, filings and/or changes in relation to the Reorganisation pursuant to the applicable laws and regulations;
  - (ii) Refer to the legal opinion mentioned in (c) (v) below, the Purchaser is satisfied with the Reorganisation and has obtained relevant documentary evidence supporting the completion of the Reorganisation.
- (c) In respect of Beijing Century Health:
  - (i) All necessary patents and approvals regarding the research & development of the AIDS Medication Capsule having been obtained;
  - (ii) the independent professional valuer, nominated by the Purchaser, has issued a valuation report in relation to the Beijing Century Health, and the Purchaser, in its sole discretion, is satisfied with the valuation results;
  - (iii) the appraised value of 100% equity interest in Beijing Century Health in the valuation report (in the form and content as satisfied by the Purchaser) mentioned in (c) (ii) above is not less than HK\$1,300 million.
  - (iv) The Vendor and Mr. Tsang (Mr. Tsang procures the Tsang's to provide) have provided the undertaking letters and non-competition deeds before the Completion pursuant to the Sale and Purchase Agreement;
  - (v) PRC legal opinion issued by a PRC lawyer nominated by the Purchaser (in the form and content as satisfied by the Purchaser) in relation to the feasibility of the Acquisition; including but not limited to any possible restriction to (i) the Acquisition; (ii) the ownership of Sale Shares by the Purchaser; (iii) the Purchaser to participate in the operation of the Target Company; (iv) the patents and approvals regarding the AIDS Medication Capsule being possessed by the Target Group; and any other important legal issue as deemed necessary by the Purchaser.

- (vi) Other conditions based on the due diligence result of Beijing Century Health conducted by the Purchaser
- (d) Listing Committee of the Stock Exchange granting listing of and permission to deal in the Consideration Shares and Conversion Shares;
- (e) The passing of the necessary resolutions in the board meeting of the Vendor to approve the sale of Sale Shares;
- (f) The Vendor maintains the cash level of the Target Group at not less than HK\$4 million at Completion;
- (g) Other conditions precedent deemed necessary by the Purchaser.

The Conditions precedent must be fulfilled on or before the Long Stop Date. If there is a precedent condition yet to be fulfilled on or before the Long Stop Date, the Purchaser may at its discretion notify the Vendor in writing on the Long Stop Date (with no prejudice to all other rights or rights of relief it may have) to:

- (a) waive those precedent conditions yet to be fulfilled (if applicable);
- (b) request the Vendor to proceed with performance of the Sale and Purchase Agreement; or
- (c) terminate the Sale and Purchase Agreement.

The parties to the Sale and Purchase Agreement may alter the Long Stop Date or the above conditions by mutual consent in writing.

### **Completion**

Completion shall take place on the Completion Date, which shall be the third Business Day after the fulfilment or waiver (as the case may be) of the conditions precedent in the Sale and Purchase Agreement.

### **Warranties and undertakings**

In relation to the sale and Purchase Agreement, the Vendor and Mr. Tsang (Mr. Tsang procures the Tsang's) have mutually and severally given certain warranties and undertakings to the Purchaser, among other things:

- (a) in respect to the business and operation of the Target Group, among other things,
  - (i) that within 12 months after the Completion Date, if necessary and subject to the status of the Target Company, the Vendor, in accordance to its shareholding in the Target Company, will inject HK\$12,000,000 into the Target Company for the expenses of the clinical trials;
  - (ii) that unless having obtained written consents from the Purchaser, the Target Group shall not change the substantial members of the management of the Target Group and substantial members of the research team of the AIDS Medication Capsule, including but not limited to the Tsang's, prior to the commencement of the sale of AIDS Medication Capsule; and

- (iii) that unless having obtained written consents from the Purchaser, the Target Group shall not dispose of any intellectual property in respect of the AIDS Medication Capsule which currently exists and/or will be obtained in the future or shall not use the intellectual properties (including patents) in relation to the AIDS Medication Capsule which currently exists and/ or will be obtained in the future or license the intellectual property to others or use the intellectual property as underlying collateral to obtain loans.
- (b) to provide effective legal opinion for the completion of the Reorganisation.
- (c) to provide quarterly financial statements of the Target Group within 3 weeks after the end of March, June, September and December each year and consolidated financial statements of the Target Group within 2 months after the financial year end of each year.
- (d) to procure the Tsang's to execute his/her respective undertaking letters in which the Tsang's agreed to guarantee and undertake, among other things,
  - (i) the legal validity and completeness of the intellectual properties (including patents) in relation to AIDS Medication Capsule;
  - (ii) that has fully disclosed to Purchaser all information in relation to their research, production or sales of other AIDS-related Chinese pharmaceutical and/or health care products; and
  - (iii) that has transferred all intellectual properties (including patents) in relation to the AIDS Medication Capsule to any company of the Target Group.
- (e) to execute and procure the Tsang's to execute his/her respective non-competition deed in which the Vendor undertakes within 3 years from the date of the signing of the Sale and Purchase Agreement, including but not limited to,
  - (i) that while operating any business in relation to research, production or sales of other AIDS-related Chinese pharmaceutical and/or health care products which competes with the AIDS Medication Capsule business of any company of the Target Group, the Vendor is required to grant the right of first refusal to the Purchaser for the investment and/ or operation of such business.
  - (ii) that shall not directly or indirectly induce, intervene or encourage any employees, directors and management team members of the Target Group to resign from any company of the Target Group ;
  - (iii) that shall not directly or indirectly induce, intervene or encourage any customers of the Target Group to leave any company of the Target Group; and
  - (iv) that shall not develop any business opportunities that directly or indirectly arise from the business any company of the Target Group outside the Target Group.

## INFORMATION ON THE TARGET GROUP AND THE AIDS MEDICATION CAPSULE

### (1) About Target Company

The Target Company was incorporated in the BVI with limited liability on 3 July 2012. It is an investment holding company and will, upon the completion of Reorganisation, hold the entire equity interests in Galaxies River. The Target Company is beneficially owned by the Vendor, which is owned by Mr. Tsang as to 64% and Ms. Ho as to 36%.

To the best knowledge, information and belief of the Directors and having made all reasonable enquires, Mr. Tsang, one of the founders of Beijing Century Health, has been the chairman, director, and managing director of Beijing Century Health since 2001. He has been responsible for the corporate management and administration of the company. His achievements include work in the protection of intellectual property of biotechnology products and Chinese medicines, as well as the commercialization of the biotechnological products. Mr. Tsang has also led the team in order to ensure smooth progress throughout the clinical trials, and has engaged in technical research at the Chinese Academy of Medical Sciences, Institute of Pediatrics. He is currently enrolled at the MBA course in the Guanghua School of Management of the Beijing University.

To the best knowledge, information and belief of the Directors and having made all reasonable enquires, Ms. Ho has been an executive director of Shun Tak Holdings Limited since 2001. In Hong Kong, Ms. Ho is the 4th vice-chairman of Tung Wah Group of Hospitals, honorary vice chairman of Hong Kong United Youth Association, vice president of Hong Kong Institute of Real Estate Administrators, committee member and vice chairman of Young Executive Committee of The Chinese General Chamber of Commerce. In Macau, Ms. Ho is an executive vice president of Property Management Business Association Macao, executive member of Ladies Committee of Macao Chamber of Commerce and committee member of Kiang Wu Charitable Association. In China, she is a standing committee member of the Chinese People's Political Consultative Conference of Liaoning Province and Beijing Youth Federation, and vice chairman of Liaoning Youth Federation.

### (2) About Galaxies River

Galaxies River was incorporated with limited liability on April 23, 2008 under the laws of the British Virgin Islands as an investment holding company.

Galaxies River is currently wholly owned by Mr. Tsang and will, upon the completion of Reorganisation, become a wholly-owned subsidiary of the Target Company, which is owned by Mr. Tsang as to 64% and Ms. Ho as to 36%. Galaxies River has had no revenue since its incorporation.

A summary of the unaudited financial information of Galaxies River prepared in accordance with HK GAAP, as provided by Mr. Tsang, is as follows:

	<b>For the year ended 30 November</b>	
	<b>2011</b>	2010
	<b>HK\$</b>	HK\$
Net loss before tax and extraordinary items	<b>7,580</b>	2,800
Net loss after tax and extraordinary items	<b>7,580</b>	2,800

	<b>As at 30 November</b>	
	<b>2011</b>	2010
	<b>HK\$'000</b>	HK\$'000
Net liabilities	<b>139</b>	132

**(3) About BSTL**

BSTL is a wholly foreign-owned enterprise established under the laws of PRC in the PRC on 12 September 2008. It is an investment holding company and, upon completion of Reorganisation, will hold 100% equity interests of Beijing Century Health. BSTL has had no revenue since its incorporation.

A summary of the unaudited financial information of BSTL prepared in accordance with PRC GAAP, as provided by Mr. Tsang, is as follows:

	<b>As at 31 December</b>	
	<b>2011</b>	2010
	<b>RMB'000</b>	RMB'000
Net asset value	<b>193</b>	193

There was nil net gain/loss before or after tax and extraordinary items for the year ended 31 December 2010 and the year ended 31 December 2011.

#### (4) About Beijing Century Health

Beijing Century Health was established in the PRC with limited liability on 3 January 2000 and engages in the research and development of the AIDS Medication Capsule, as well as related medicines and pharmaceutical products in China, and owns the patent of the AIDS Medication Capsule.

The 100% equity interests of Beijing Century Health will be transferred to BSTL from its current shareholders, Mr. Tsang and Dr. Lee, upon the completion of Reorganisation.

Beijing Century Health has had no revenue since its incorporation. Certain information (prepared under the PRC GAAP) extracted from Beijing Century Health management accounts for the two years ended 31 December 2011 is set out below:

	<b>For the year ended 31 December</b>	
	<b>2011</b>	<b>2010</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Net loss before tax and extraordinary items	<b>2,334</b>	778
Net loss after tax and extraordinary items	<b>2,334</b>	778

	<b>As at 31 December</b>	
	<b>2011</b>	<b>2010</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Net liabilities	<b>1,308</b>	1,751

#### About the AIDS Medication Capsule

To the best knowledge, information and belief of the Directors and having made all reasonable enquires, the AIDS Medication Capsule is the first targeted therapy Chinese herbal medicine for AIDS treatment with clinical test conducted in Henan province of PRC. Leveraging on the Tsang's patented invention, the AIDS Medication Capsule is a medicine development project in China and is currently under the Phase IIa clinical trial. The AIDS Medication Capsule seeks to strengthen the human immunity system and inhibit the replication of HIV to a certain extent. It has previously been proved by animal test as non-poisonous and non-resistance on HIV-type virus. It is targeted to be a reasonably-priced, effective and safety medicine in AIDS curing.

The AIDS Medication Capsule has obtained the approval for conducting clinical test issued by the Drug Administration of the Henan province of PRC in 2003, and has obtained the approval for conducting clinical trial issued by the State Food and Drug Administration of the PRC in 2008. The management of Beijing Century Health estimates the Phase IIb clinical trial will be completed in June 2013. All clinical trials will be completed within two years from the date of this announcement. The corporate objective is to proceed with the mass production of the AIDS Medication Capsule in year 2015.

## REASONS FOR THE ACQUISITION

The Group is principally engaged in the provision of corporate finance advisory activities mainly to listed and non-listed companies in Hong Kong and the PRC.

The Acquisition is in line with one of the business strategies of the Group as stated in the prospectus of the Company dated 28 September 2011, namely, to seek investment in high-return projects. Since the Group's initial public offering on 12 October 2011, the Group has been seeking project investment opportunities with high returns. The Group considers that the AIDS Medication Capsule is in a market with good potential. In China in 2011, an estimated total of 28,000 people died of HIV/AIDS, and another 48,000 were found newly infected by the virus, according to an official joint report by China's Ministry of Health, the Joint United Nations Programme on HIV and AIDS and the World Health Organization. Approximately 780,000 people in China currently live with HIV/AIDS, which includes 154,000 AIDS patients. The number of people living with HIV/AIDS has increased by 40,000 from 2009 to 2011. The China's herbal medicine market for treating HIV infection and AIDS is a growing market with few competitors and may have great growth potential due to the belief that Chinese herbs, in general, are milder, have fewer side effects and are affordable to patients in developing and underdeveloped countries such as China and South Africa. The Group considers that it is an ideal time to enter this market.

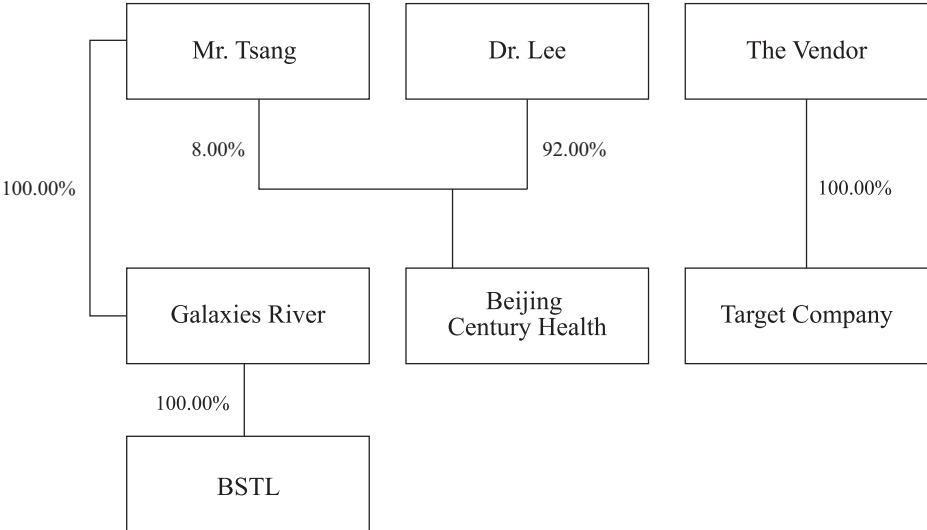
In addition, the Acquisition forms a part of the strategic cooperation between the Company and the Vendor. While the Group and the Vendor jointly invest in the medicine business in China as well as globally, the Group will provide corporate financial advisory services such as fund raising activities, which will benefit the expansion and growth of the medicine business of the Target Company.

The Consideration of the Acquisition is settled with the Consideration Shares and the Convertible Bonds. The Directors consider the issue of Consideration Shares and Convertible Bonds as Consideration is fair and reasonable and in the best interest of the Shareholders as a whole as it is the preferred financing method for the Company given that the Company would not need to use its existing cash resources to fund the Acquisition. The Directors also consider that the terms of the Acquisition are fair and reasonable and in the best interests of the Company and the Shareholders as a whole. The performance of the Target Company is however subject to a series of conditions which may or may not be fulfilled, such as drug approval and pre-production financing, and which, such as the current HIV/AIDS drug market and business and legal conditions in China, may change substantially.

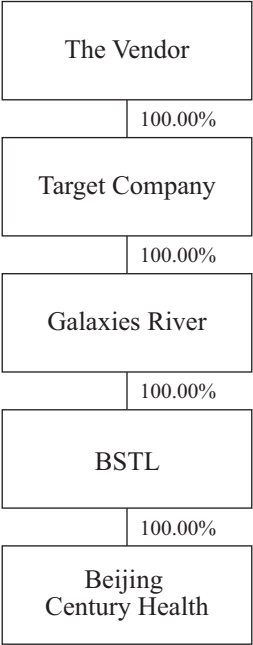
Upon Completion, the Target Company will become an associated company of the Company and accordingly, the financial information of the Target Group will not be consolidated into the accounts of the Group and the investment in the Target Group will be accounted for using the equity method of accounting. Within twelve months after the Completion Date, if necessary and subject to the status of the Target Company, the Vendor and the Purchaser will, in proportion to their respective shareholdings in the Target Company, inject an aggregate HK\$15,000,000 into the Target Company for the expenses of the clinical trials.

**SHAREHOLDING STRUCTURE OF THE TARGET GROUP AS AT THE DATE OF THIS ANNOUNCEMENT, IMMEDIATELY PRIOR TO AND UPON THE COMPLETION**

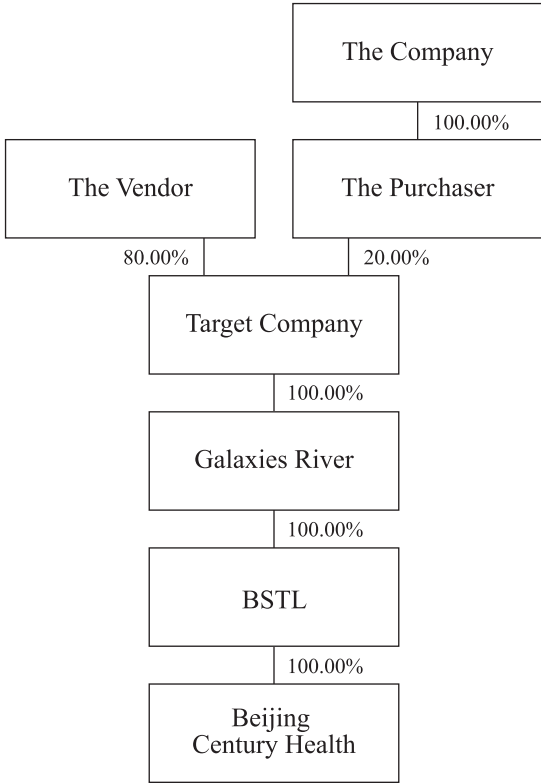
The shareholding structure of the respective members of the Target Group as at the date of this announcement is set out below:



The shareholding structure of the Target Group immediately prior to Completion is set out below:



Upon Completion, the shareholding structure of the Target Group is set out below:



**IMPLICATIONS UNDER THE LISTING RULES**

As the largest of the applicable percentage ratios calculated under Rule 19.07 of the GEM Listing Rules in respect of the Acquisition under the Sale and Purchase Agreement exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company under the GEM Listing Rules.

**The Sale and Purchase Agreement is subject to a series of conditions which may or may not be fulfilled and the Acquisition may or may not be completed. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in securities of the Company.**

**DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“Acquisition” the acquisition of the Sale Shares by the Purchaser from the Vendor pursuant to the Sale and Purchase Agreement

“AIDS” Acquired immunodeficiency syndrome, a condition in humans in which progressive failure of the immune system allows life-threatening opportunistic infections and cancers to thrive

“AIDS Medication Capsule”	祛毒增寧膠囊 (AIDS Medication Capsule), a patented herbal medical capsule developed by Beijing Century Health to treat HIV/AIDS disease
“Beijing Century Health”	北京世紀康醫藥科技發展有限公司(Beijing Century Health Medical Technology Development Company Limited*), a company incorporated in the PRC with limited liability. Upon Completion, it will become an indirect wholly-owned subsidiary of the Target Company
“Board”	the board of Directors
“Bondholder(s)”	holder(s) of the Convertible Bonds
“BSTL”	北京世紀嘉域科技有限公司(Beijing Shiji Technology Limited*), a wholly foreign-owned enterprise established under the laws of PRC with limited liability. Upon Completion, it will become an indirect wholly-owned subsidiary of the Target Company
“Business Day”	a day (other than a Saturday and Sunday) on which banks in Hong Kong are open for business
“BVI”	the British Virgin Islands
“Company”	Chanceton Financial Group Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on GEM of the Stock Exchange (stock code: 8020)
“Completion”	the completion of the Acquisition in accordance with the terms and conditions of the Sale and Purchase Agreement
“Completion Date”	the date of Completion, which shall be the third Business Day (or such other day as agreed by the parties) after the fulfilment or waiver (as the case may be) of the conditions precedent contemplated under the Sale and Purchase Agreement
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Consideration”	the aggregate consideration for the Acquisition, being HK\$237.50 million payable by the Purchaser to the Vendor for the Acquisition under the Sale and Purchase Agreement, which consists of the Consideration Shares, First Tranche Convertible Bonds and Second Tranche Convertible Bonds
“Consideration Shares”	25,000,000 new Shares to be allotted and issued by the Company to the Vendor according to the Sale and Purchase Agreement

“Convertible Bonds”	the convertible bond(s) in the aggregate principal amount of HK\$187,500,000 to be issued by the Company pursuant to the Sale and Purchase Agreement
“Conversion Period”	the period for the conversion of Convertible Bonds
“Conversion Price”	the initial conversion price per Conversion Share upon conversion, subject to adjustments in the section headed “Principal terms of the Convertible Bonds”
“Conversion Shares”	the aggregate of the First Tranche Conversion Shares and the Second Tranche Conversion Shares
“Director(s)”	director(s) of the Company
“Dr. Lee”	Dr. Lee Zelin (李澤琳) , mother of Mr. Tsang
“First Tranche Convertible Bonds”	Convertible Bonds at the principal amount of HK\$87,500,000 to be issued by the Company to the Vendor upon the completion of the Phase IIa
“First Tranche Conversion Shares”	Conversion Shares to be allotted and issued by the Company to the Vendor upon exercise of the conversion rights attached to the First Tranche Convertible Bonds
“Galaxies River”	Galaxies River Limited, a company incorporated in the BVI with limited liability. Upon the completion of the Reorganisation Galaxies River will become a wholly-owned subsidiary of the Target Company
“GEM”	Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries
“HIV”	Human immunodeficiency virus (HIV) is a lentivirus (a member of the retrovirus family) that causes acquired immunodeficiency syndrome (AIDS)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong GAAP”	Hong Kong Generally Accepted Accounting Principles

“Independent Third Party(ies)”	a third party(ies) independent of and not connected with the Company and its subsidiaries and its connected persons (as defined under the GEM Listing Rules)
“Issue Price”	the issue price for the Consideration Shares, being HK\$2 per Consideration Share
“Last Trading Day”	23 August 2012, being the last trading day for the Shares prior to the day of this announcement
“Long Stop Date”	31 October 2012 or such later date as the parties to the Sale and Purchase Agreement may agree in writing
“Maturity Date”	the fifth anniversary of the date of issue of the First Tranche Convertible Bonds and the Second Tranche Convertible Bonds respectively
“Mr. Tsang”	Mr. Tsang Yan (曾欣) , son of Dr. Lee
“Ms. Ho”	Ms. Ho Chiu Ha, Maisy (何超蕸)
“Phase IIa”	a clinical trial phase initiated by Beijing Century Health to evaluate the efficacy and safety with different quantities of AIDS Medication Capsule for patients, pursuant to the clinical trial of AIDS Medication Capsule as referred to the State Drug and Food Administration’s 藥物臨床試驗批件 (Approval for Clinical Trial on Drugs*) No. 2008L03836
“Phase IIb”	a clinical trial phase initiated by Beijing Century Health to evaluate the efficacy and safety with a designated quantity of AIDS Medication Capsule for patients, pursuant to the clinical trial of AIDS Medication Capsule as referred to the State Drug and Food Administration’s 藥物臨床試驗批件 (Approval for Clinical Trial on Drugs*) No. 2008L03836
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, does not include Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“PRC GAAP”	the PRC Generally Accepted Accounting Principles
“Purchaser”	Mysteriously Time Investments Limited, a company incorporated in BVI with limited liability. It is a wholly-owned subsidiary of the Company

“Reorganisation”	reorganisation of the Target Group which includes, but not limited to, (i) Mr. Tsang and Dr. Lee transfer their aggregate 100% equity interests in Beijing Century Health to BSTL; and (ii) Mr. Tsang transfers his 100% equity interests in Galaxies River to the Target Company, at the Vendor’s cost
“Sale and Purchase Agreement”	the conditional agreement dated 24 August 2012 entered into among the Vendor, the Purchaser and Mr. Tsang in relation to Acquisition
“Sale Shares”	the 20 issued shares of US\$1.00 each in the issued share capital of the Target Company owned by the Vendor, representing 20% of the issued share capital of the Target Company
“Second Tranche Convertible Bonds”	Convertible Bonds at the principal amount of HK\$100,000,000 to be issued by the Company to the Vendor upon the completion of the Phase IIb
“Second Tranche Conversions Shares”	Conversion Shares to be allotted and issued by the Company to the Vendor upon exercise of the conversion rights attached to the Second Tranche Convertible Bonds
“SFC”	the Securities and Futures Commission of Hong Kong
“Shareholders”	holders of the Shares
“Share”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers
“Target Company”	Revenue Synthesis Limited, a company incorporated in BVI with limited liability, being a wholly-owned subsidiary of the Vendor
“Target Group”	the Target Company and its subsidiaries
“Tsang’s”	Mr. Tsang and his three family members, namely Dr. Lee, Mr. Tsang Yi (father of Mr. Tsang) and Ms. Zeng Yue (daughter of Mr. Tsang Yi). The four persons are the founders of AIDS Medication Capsule
“Vendor”	Refulgent Sunrise Limited, a company incorporated in BVI with limited liability, an Independent Third Party to the Company and its connected person

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United State of America dollars, the lawful currency of the United State of America
“%” or “per cent”	percentage

\* *for identification purposes only*

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

Hong Kong, 24 August 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, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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, (i) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive and (ii) there are no other matters the omission of which would make any statement in this announcement misleading.*

*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).*