
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Chanceton Financial Group Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

This circular, for which the directors of Chanceton Financial Group Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to Chanceton Financial Group Limited. The directors of Chanceton Financial Group Limited, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.



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)

**PROPOSED PLACING OF NEW SHARES UNDER SPECIFIC MANDATE
AND
PROPOSED REFRESHMENT OF GENERAL MANDATE TO ISSUE NEW SHARES;
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

Independent Financial Adviser



South China Capital Limited

A letter from the independent committee (the "Independent Board Committee") of the board of directors of the Company is set out on pages 17 to 18 of this Circular. A letter from South China, the independent financial adviser of the Company, containing its advice to the Independent Board Committee and the independent shareholders of the Company is set out on pages 19 to 26 of this circular.

A notice convening an extraordinary general meeting of Chanceton Financial Group Limited to be held at Unit A, 23/F., CMA Building, 64-66 Connaught Road Central, Hong Kong on Thursday, 24 January 2013 at 9:30 a.m. is set out on pages 27 to 30 of this circular. A form of proxy for use at the extraordinary general meeting is also enclosed with this circular. Such form of proxy is also published on the websites of The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (www.hkgem.com) and the Company (www.chanceton.com).

Whether or not you are able to attend the extraordinary general meeting, please complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar in Hong Kong, Union Registrars Limited, at 18/F, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the extraordinary general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the meeting if they so wish.

This circular will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of publication.

CHARACTERISTICS OF GEM

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.

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	5
Letter from the Independent Board Committee	17
Letter from the Independent Financial Advisor	19
Notice of the Extraordinary General Meeting	27

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“2012 AGM”	an annual general meeting of the Company was held on 31 July 2012
“Articles of Association”	the articles of association of the Company
“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day (excluding a Saturday, Sunday and any other public holidays and any day on which a tropical cyclone warning no.8 or above or a “black” rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which banks generally are open for business in Hong Kong
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“Company”	Chanceton Financial Group Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on GEM
“Completion Date”	any time within five Business Days after fulfilment of the condition precedent under the section headed “Conditions of the Placing” or such other date as the Company and the Placing Agent may agree in writing
“Consideration Shares”	25,000,000 new Shares to be allotted and issued by the Company to Refulgent Sunrise Limited as disclosed in the announcement dated 24 August 2012
“Convertible Bonds”	First Tranche Convertible Bonds and Second Tranche Convertible Bonds
“Director(s)”	the director(s) of the Company

DEFINITIONS

“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of consideration and, if thought fit, approving, among others, the grant of the Specific Mandate and the refreshment at the Existing General Mandate
“Existing General Mandate”	the general mandate granted by the Shareholders at 2012 AGM to issue or deal with up to a maximum of 100,000,000 new Shares
“First Tranche Conversion Shares”	Conversion Shares to be allotted and issued by the Company to the Refulgent Sunrise Limited upon exercise of the conversion rights attached to the First Tranche Convertible Bonds
“First Tranche Convertible Bonds”	Convertible bonds at the principal amount of HK\$87,500,000 to be issued by the Company to the Refulgent Sunrise Limited upon the completion of the clinical trial of phase IIa
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Committee”	the GEM listing committee of the Stock Exchange
“GEM Listing Rules”	The Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Board comprising all the independent non-executive Directors, namely Mr. Chiu Chi Kong, Mr. William Robert Majcher, and Mr. Yau Yan Ming Raymond established to advise the Independent shareholders in respect of the refreshment of the Existing General Mandate
“Independent Shareholders”	Shareholders other than the Directors (excluding the independent non-executive Directors), chief executive of the Company and their respective associates

DEFINITIONS

“South China” or “Independent Financial Advisor”	South China Capital Limited, a registered institution under the SFO permitted to carry on type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee for the purpose of advising and recommending the Independent Board Committee and the Independent Shareholders on the refreshment of the Existing General Mandate
“Independent Third Parties”	party(ies) who is(are) independent of and not connected with the Directors, chief executive or substantial shareholders of the Company or its subsidiaries or associated companies, or any of their respective associates
“Last Trading Day”	17 December 2012, being the last trading day in the Shares prior to the issue of the announcement dated 17 December 2012
“Latest Practicable Date”	4 January 2013, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“New General Mandate”	the mandate proposed to be sought at the EGM to authorize the Directors to allot, issue and deal with the Shares not exceeding 20% of the issued share capital of the Company as at the date of the EGM
“Placee(s)”	the placees to be procured by the Placing Agent pursuant to the terms and conditions of the Placing Agreement
“Placing”	the placing of the Placing Shares pursuant to the terms of the Placing Agreement
“Placing Agent”	Yuanta Securities (Hong Kong) Company Limited, a company incorporated in Hong Kong holding licences to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 3 (leveraged foreign exchange trading), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and being the placing agent
“Placing Agreement”	a placing agreement dated 17 December 2012 and made among the Company and the Placing Agent in relation to the Placing

DEFINITIONS

“Placing Price”	the price of HK\$2.00, being the subscription price of each Placing Share
“Placing Share(s)”	up to 30,000,000 new Shares to be subscribed by the Placees in accordance with the terms of the Placing Agreement
“PRC”	the People’s Republic of China and for the purposes of this circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Second Tranche Conversion Shares”	Conversion Shares to be allotted and issued by the Company to the Refulgent Sunrise Limited upon exercise of the conversion rights attached to the Second Tranche Convertible Bonds
“Second Tranche Convertible Bonds”	Convertible Bonds at the principal amount of HK\$100,000,000 to be issued by the Company to the Refulgent Sunrise Limited upon the completion of the clinical trial of phase IIb
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	Share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Specific Mandate”	means the authority to be sought from the shareholders of the Company to authorize the directors of the Company to allot and issue the Placing Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Wong Kam Wah
Dr. Cheung Victor Chor Keung
Mr. Leung Man Kit
Mr. Lau Ling Tak

Non-executive Director:

Ms. Man Wing Yee Ginny

Independent Non-executive Directors:

Mr. Chiu Chi Kong
Mr. William Robert Majcher
Mr. Yau Yan Ming Raymond

Registered Office:

Coden Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal Place of Business in Hong Kong:

Unit A, 23/F, CMA Building
64 – 66 Connaught Road Central
Hong Kong

8 January 2013

To the Shareholders,

Dear Sir or Madam,

**PROPOSED PLACING OF NEW SHARES UNDER SPECIFIC MANDATE
AND
PROPOSED REFRESHMENT OF GENERAL MANDATE
TO ISSUE NEW SHARES;
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

It was disclosed in the announcement dated 17 December 2012 that, the Company entered into the Placing Agreement with the Placing Agent on 17 December 2012 pursuant to which the Placing Agent has agreed to place, on a best effort basis, to not less than six independent Placers for up to 30,000,000 new Shares at a price of HK\$2.00 per Placing Share, for and on behalf of the Company.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with information regarding the (i) Placing, (ii) the proposed refreshment of the Existing General Mandate and (iii) to give you notice of the EGM.

THE PLACING

On 17 December 2012 (after trading hours), the Placing Agreement was entered into between the Company (as issuer) and the Placing Agent (as placing agent). To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

The Placees

The Placing Shares will be placed on a best effort basis. The Placing Agent has agreed in the Placing Agreement that it will use its best endeavour to procure the Placing Shares to be placed to altogether not less than six Placees, who (where applicable, and their ultimate beneficial owners) are Independent Third Parties.

It is expected that none of the Placees will become a substantial Shareholder immediately after completion of the Placing.

Number of Placing Shares

The Placing Agent has agreed to procure, on a best effort basis, Placees to subscribe for up to 30,000,000 Placing Shares on the terms and subject to the conditions set out in the Placing Agreement.

The aggregate nominal value of all the 30,000,000 Placing Shares is HK\$300,000. The number of Placing Shares represents approximately 5.71% of the total number of 525,000,000 existing issued Shares as at the Latest Practicable Date or approximately 5.41% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares pursuant to the Placing.

Placing Price

The Placing Price is HK\$2.00 per Placing Share exclusive of brokerage, SFC transaction levy and Stock Exchange trading fee as may be payable. The net placing price (net of commissions and expenses) is approximately HK\$1.94 per Placing Share.

The Placing Price was agreed after arm's length negotiations between the Company and the Placing Agent with reference to recent market prices of the Shares. The Placing Price represents (i) a discount of approximately 7% to the closing price of HK\$2.15 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a discount of approximately 7.7% to the average closing price of HK\$2.168 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to the Last Trading Day.

LETTER FROM THE BOARD

Specific Mandate to Issue Placing Shares

The Placing Shares will be allotted and issued pursuant to a specific mandate to be granted by the Shareholders to the Directors at the EGM.

Placing Commission

The Placing Agent will receive a placing commission of 3% of the aggregate Placing Price of the number of Placing Shares actually placed by the Placing Agent. The placing commission was arrived at arm's length negotiation between the Company and the Placing Agent. The Directors are of the view that the placing commission of 3% are on normal commercial terms and is fair and reasonable so far as the Shareholders are concerned.

Disposal and lock-up restriction

The Placing Shares are not subject to any lock-up or other disposal restriction under the terms of the Placing Agreement.

Conditions of the Placing

- (a) The Placing is conditional upon the following conditions:
 - (i) approval of the GEM Listing Committee of the Stock Exchange agreeing to grant a listing of, and permission to deal in, the Placing Shares.
 - (ii) the passing at the EGM of a resolution granting the Specific Mandate to the Directors to allot and issue the Placing Shares in accordance with the requirements of the GEM Listing Rules and applicable laws.
- (b) The Company shall use its best endeavours to procure the fulfillment of the condition referred to in clause (a) above and in the event the condition referred to clause (a) above is not fulfilled by 15 March 2013 (or such later date as may be agreed by the Company or the Placing Agent in writing hereto), all rights, obligations and liabilities of the Company or the Placing Agent in relation to the Placing shall cease and determine and neither of the Company or the Placing Agent shall have any claim against the others in respect of the Placing save for any antecedent breach and/or any rights or obligations which may have accrued under the Placing Agreement prior to such termination.

LETTER FROM THE BOARD

Completion of the Placing

Completion of the Placing Agreement shall take place on the Completion Date at the office of the Placing Agent in Hong Kong when all (but, not part only) of the following businesses shall be transacted:

- (i) the Placing Agent shall deliver to the Company a list containing details as specified by the Company of each of the Placee(s) and each of the Placing Agent(s) as appointed by it pursuant to the Placing Agreement;
- (ii) the Placing Agent shall on the Completion Date, make or procure the making of payment in Hong Kong dollars in immediately available funds to the Company of the aggregate Placing Price of the Placing Shares to such bank account as the Company may nominate in writing. Payment made by the Placing Agent into such bank account as nominated by either the Company shall be a valid full and final, discharge of the Placing Agent's payment obligation under the Placing Agreement;
- (iii) the Company shall issue and allot to the Placees or their nominees such number of the Placing Shares subscribed by them and shall procure that the Placees or their nominees are registered on the branch register of members of the Company in Hong Kong in respect thereof; and
- (iv) the Company shall arrange to deliver to the Placing Agent on Completion Date the definitive share certificates in the form of jumbo certificate or in such denomination as the Placing Agent may instruct pursuant to the Placing Agreement issued in the name of the Placees or their nominees in respect of such number of Placing Shares to be subscribed by them respectively and in accordance with such instructions referred to above or arrange for the Placing Shares to be deposited into CCASS in accordance with such instructions.

Ranking

The Placing Shares will rank equally in all respects among themselves and with all other Shares in issue as at the date of completion of the Placing.

Termination

- (A) Notwithstanding anything contained in the Placing Agreement to the contrary, the Placing Agent shall be entitled by notice to the Company given prior to 6:00 p.m. on the day immediately preceding the Completion Date to terminate the Placing Agreement if:
 - (i) any specified event pursuant to the Placing Agreement comes to the notice of the Placing Agent; or

LETTER FROM THE BOARD

- (ii) there develops, occurs or comes into force:
 - (a) any new law or regulation or any change in existing laws or regulations or the interpretation thereof which may in the reasonable opinion of the Placing Agent and in its reasonable discretion may materially and adversely affect the business or financial condition or prospects of the Company as a whole; or
 - (b) any local, regional, national or international event or change (whether or not permanent or forming part of a series of events or changes occurring or continuing, on and/or after the date hereof) of a political, military, economic or other nature (whether or not ejusdem generis with the foregoing) which, in the reasonable opinion of the Placing Agent and in its reasonable discretion will, or may be expected to, have a material adverse effect on the Placing; or
 - (c) any significant change (whether or not permanent) in local, regional, national or international market conditions (or in conditions affecting a sector of the market) which in the reasonable opinion of the Placing Agent and in its reasonable discretion has or may have a material adverse effect on the Placing; or
 - (iii) there is any adverse change in the business or in the financial or trading position of the Company taken as a whole which being unaware of by the Placing Agent and in the reasonable opinion of the Placing Agent and in its reasonable discretion is material in the context of the Placing.
- (B) If notice is given pursuant to clause (A) above, the Placing Agreement shall terminate and be of no further effect and neither party shall be under any liability to the other party in respect of the Placing Agreement save for any rights or obligations which may have accrued under the Placing Agreement prior to such termination.

REASONS FOR AND USE OF PROCEEDS OF THE PLACING

The Group is principally engaged in corporate finance advisory activities mainly to listed and non-listed companies in Hong Kong and the PRC. Upon completion of the Placing (and assuming all the 30,000,000 Placing Shares will be placed), the gross proceeds arising from the Placing are estimated to be approximately HK\$60 million and the net proceeds, after deducting related Placing commission, professional fees and all related expenses, arising from the Placing are estimated to be approximately HK\$58 million.

LETTER FROM THE BOARD

The Company intends to apply the net proceeds from placing in the following manners:

- approximately 10% for the business development in the medical related business and capital injection into the AIDS medication business for clinical trials in relation to the acquisition of 20% of the Revenue Synthesis Limited, details of which was disclosed in the announcement of the Company dated 24 August 2012;
- approximately 70% for any possible acquisitions, including but not limited to, medical related business when opportunities arise with a view to broaden the income source and diversify the business risk of the Group;
- approximately 20% for general working capital of the Group

The Group is currently conducting financial services business as well as investing in the AIDS medication business. The Group is actively seeking for new opportunities for investment, to maximize shareholders' value. As stated in the prospectus of the Company dated 28 September 2011 (the "Prospectus") and the 2012 interim report of the Company ("2012 Interim Report"), the Group has reserved the financial resources for the financial service business, including expanding our current activities to other regulated financial services. Apart from Type 6 license activities, the Directors had indicated at the time of the Company's listing in October 2011 that the Group intended to apply for Type 1 (securities dealing), Type 4 (advising on securities) and Type 9 (asset management) licenses. It was estimated that start up and initial running costs associated with Type 1 and Type 4 licenses' activities would cost approximately HK\$18.46 million whereas those costs associated with Type 9 license activities would be approximately HK\$6 million. The directors are of the view that the Group's internal resource is currently expected to be reserved for business development in the financial service area and risk mitigation amid the present more challenging business environment. As a result, for conducting business other than the financial services business, the Group has to carry out additional fund raising activities for enhancing the capital base for the AIDS medication business and preparing for possible acquisition when opportunities comes up, in order to maximize shareholders' value.

The Board is of the view that the Placing will strengthen the financial position (in particular, the working capital and cash flow position) of the Group. Considering the uncertainties in the global financial market, the Directors are of the view that it is reasonable for the Company to enhance the capital base by the Placing with a view to create more buffer for the Company to mitigate the business and financial risk and to enhance the financial flexibility of the Group. In addition, as the Company is actively exploring business opportunities and/or possible acquisitions, including but not limited to, medical related business to diversify risk and broaden the sources of income of the Group, sufficient cash reserve is crucial for the development of the Company. The cash reserve is able to foster the on-going business operations, continue to centralize the corporate objective of developing current businesses in order to strengthen competitiveness, integrate its capital resources and contribute a maximum wealth to Shareholders. The Company believes that it would be beneficial to leverage on the background and expertise of the management of the Company in the area of fund raising, investment and financial management to source investment opportunities with great potential for direct investment of the Group. Thus, the Board considers raising extra fund for project investments would be able to enhance the return and maximize the wealth of the shareholders of the Company. As at the Latest Practicable Date, no such business opportunity or acquisition target has yet been identified.

LETTER FROM THE BOARD

The Directors confirm that apart from the Placing, the Group has also considered other fund raising alternatives including rights issue, open offer or debt financing. However, the Directors hold the view that the ability of the Group to obtain bank borrowings usually depends on the Group's profitability, financial position and the then prevailing market condition, such alternative may be subject to lengthy due diligence and negotiations with banks. The Directors consider debt financing to be relatively costly and time consuming as compared to the placing of new Shares to obtain additional funding. The Directors also hold the view that pro-rata equity financing such as rights issue or open offer is more time consuming and often attracts a steeper discount to its then market price than the placing of new Shares. Having assessed the costs and benefits of such alternatives, the Directors hold the view that the Placing is the preferred means of fund raising.

The Directors (including the independent non-executive Directors) consider the terms of the Placing Agreement and the Placing Price to be fair and reasonable so far as the Shareholders are concerned and the Placing is in the best interests of the Company and the Shareholders as a whole.

Application for listing

Application will be made to the GEM Listing Committee for the approval for the listing of, and permission to deal in, the Placing Shares.

PROPOSED REFRESHMENT OF EXISTING GENERAL MANDATE

At the annual general meeting of the Company held on 31 July 2012, the Shareholders passed among others, ordinary resolution to grant the Directors the Existing General Mandate to issue, allot and otherwise deal with a maximum of 100,000,000 Shares, representing 20% of the total nominal amount of the share capital of the Company in issue on the date of passing such resolution. The Existing General Mandate has been utilized as to 100,000,000 Shares, representing 100% of the aggregate number of Shares which may be allotted and issued under the Existing General Mandate which will be allocated for the Consideration Shares, the First Tranche Conversion Shares and the Second Tranche Conversion Shares as the consideration in relation to the acquisition of 20% equity interest in Revenue Synthesis Limited which will fully utilise the Existing General Mandate as disclosed in the announcement of the Company dated 24 August 2012.

As the refreshment of the Existing General Mandate is proposed to the Shareholders before the Company's next annual general meeting, pursuant to the GEM Listing Rules, the refreshment of the Existing General Mandate will be subject to the Independent Shareholders' approval by way of poll at the EGM.

LETTER FROM THE BOARD

Reasons for refreshment of the Existing General Mandate

The Company had not conducted any other capital fund raising activities after 2012 AGM immediately prior to the Latest Practicable Date.

As there are uncertainties in the global financial market, the Directors are of the view that the instability of the global financial market will persist in the foreseeable future which might have a negative impact to the business of the Group, therefore the possible fund raising activities upon the refreshment of the general mandate is in the benefit of the Company as it can enhance the financial flexibility of the Company during the global financial downturn. Therefore, the Directors are of the view that the refreshment of Existing General Mandate is an appropriate decision as fund raising opportunities may lapse in a short window of time. By refreshment of Existing General Mandate will provide the Group additional options and can enhance the financial flexibility to capture window of opportunity to carry out the fund raising activity promptly for the future development of the Group.

Given that equity financing under general mandates (i) does not incur interest obligations on the Group as compared with bank financing; (ii) is less costly and time-consuming than raising funds by way of rights issue or open offer; and (iii) provides the Company with the capability to capture any capital raising or prospective investment opportunities in a timely manner, the Board proposes to refresh the Existing General Mandate for the Directors to allot, issue and deal with Shares with an aggregate nominal amount of not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the EGM and considers the refreshment of General Mandate in the best interests of the Company and the Shareholders as a whole. As at the Latest Practicable Date, the Company has not yet identified and/or concluded any terms for any suitable fund raising opportunities with any financial institution(s).

The Directors consider that it is in the interests of the Company and the Shareholders as a whole to grant the New General Mandate in order to maintaining the financial flexibility necessary for the Company to raise funds through the issue of new securities for its general working capital and/or business development as and when the Directors consider appropriate in the future. Therefore, the Board proposes to seek the approval of the Shareholders to refresh the Existing General Mandate at the EGM. As at the Latest Practicable Date, the Company does not have any imminent plan nor any specific plan or intention which may utilize any part of the New General Mandate, if granted. As at the Latest Practicable Date, a total of 525,000,000 Shares were in issue. Subject to the passing of the proposed resolution for the grant of the New General Mandate and on the basis that no Share will be issued or repurchased by the Company prior to the EGM, the Board will be authorised under the New General Mandate to issue a maximum of 105,000,000 new Shares.

The New General Mandate will, if granted, remain effective until the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;

LETTER FROM THE BOARD

- (ii) the expiration of the period within which next annual general meeting of the Company is required to be held by any applicable law of the Cayman Islands or the memorandum and Articles of Association of the Company; and
- (iii) its revocation or variation by ordinary resolution of the Shareholders in general meeting.

EFFECTS ON SHAREHOLDINGS OF THE SHAREHOLDERS

The table serves to illustrate possible shareholding dilution to Shareholders upon full utilization of the Specific Mandate for the purpose of the Placing as well as the New General Mandate:

	As at the Latest Practicable Date		Assuming following the issue of all conversion shares upon the exercise of conversion rights under the Convertible Bonds in full (Note 1) (for illustrative purpose only)		Assuming upon full utilization of the Specific Mandate for the Placing (for illustrative purpose only)		Assuming upon full utilization of the New General Mandate (for illustrative purpose only)	
	Number of shares	%	Number of shares	%	Number of shares	%	Number of shares	%
Mr. Wong Kam Wah (Note 2)	300,000,000	57.14	300,000,000	50.00	300,000,000	47.62	300,000,000	40.82
Ms. Man Wing Yee Ginny (Note 3)	47,510,000	9.05	47,510,000	7.92	47,510,000	7.54	47,510,000	6.46
Public:								
Refulgent Sunrise Limited (Note 4)	25,000,000	4.76	100,000,000	16.67	100,000,000	15.87	100,000,000	13.61
Ms. Ho Chiu Ha, Maisy (Note 4)	24,000,000	4.57	24,000,000	4.00	24,000,000	3.81	24,000,000	3.27
Other Public (Note 5)	128,490,000	24.48	128,490,000	21.41	158,490,000	25.16	158,490,000	21.56
Maximum number of new Shares that can be issued under the New General Mandate (Note 6)	–	–	–	–	–	–	105,000,000	14.28
Public Subtotal:	–	33.81	–	21.41 (Note 5)	–	25.16 (Note 5)	–	35.84 (Note 5 & Note 6)
	<u>525,000,000</u>	<u>100.00</u>	<u>600,000,000</u>	<u>100.00</u>	<u>630,000,000</u>	<u>100.00</u>	<u>735,000,000</u>	<u>100.00</u>

Notes:

- Assuming the issue of all conversion shares at an initial conversion price of HK\$2.50 per Share following full conversion of the First Tranche and Second Tranche Convertible Bonds issued to Refulgent Sunrise Limited relating to the Company's acquisition of 20% interest in Revenue Synthesis Limited, details of which were contained in the Company's announcement dated 24 August 2012. Following such conversion, Refulgent Sunrise Limited and Ms. Ho Chiu Ha, Maisy (see note 4) will not be deemed as public shareholders. In this respect, the Company has indicated that it would monitor such conversion and would only issue Shares upon conversion of such Convertible Bonds, the result of which would not breach the prescribed minimum public float requirement under the GEM listing rules.

LETTER FROM THE BOARD

2. These Shares are registered in the name of Kate Glory Limited. Mr. Wong Kam Wah is Chairman of the Company and the beneficial owner of 100% of the issued share capital of Kate Glory Limited.
3. Ms. Man Wing Yee Ginny is a non-executive Director of the Company.
4. Refulgent Sunrise Limited, a BVI incorporated company held as to 64% by Mr. Tsang Yan and as to 36% by Ms. Ho Chiu Ha, Maisy, was the vendor of the 20% interest in Revenue Synthesis Limited to the Company as announced on 24 August 2012. Accordingly, Ms. Ho is deemed to be acting in concert with Refulgent Sunrise Limited. Apart from her indirect interests in the Shares through Refulgent Sunrise Limited, 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, Refulgent Sunrise Limited will become a substantial shareholder of the Company under the GEM Listing Rules and will not be treated as a member of the public and the public Shareholders will hold 128,490,000 Shares, representing 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 the Second Tranche Convertible Bonds, the total number of Shares held by the public Shareholders will be 128,490,000 Shares representing approximately 21.41% of the total issued share capital of the Company. 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. Other Public shareholders include placees under the proposed Placing for a maximum of 30,000,000 Shares upon full utilization of the Specific Mandate.
6. Maximum number of new Shares (calculated based on current 525,000,000 issued Shares) which can be issued under the New General Mandate. 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 when the new Shares are issued under the New General Mandate from time to time.

As disclosed in the above shareholding table, immediately after the completion of the Placing, over 25% of the issued share capital of the Company will be in public hands (including the Placees).

FUND RAISING DURING THE PAST 12 MONTHS

The Company has not conducted any other equity fund raising activities in the 12 months immediately prior to the Latest Practicable Date.

IMPLICATION OF THE LISTING RULES

To the best knowledge of the Directors, save for the Placing Agent which does not have any shareholding in the Company, none of the Shareholders has a material interest in the transactions contemplated under the Placing Agreement as at the Latest Practicable Date. Accordingly, none of the Shareholders will be required to abstain from voting at the EGM in respect of the relevant resolution(s) relating to the Placing and the Specific Mandate.

LETTER FROM THE BOARD

Pursuant to Rule 17.42A of the GEM Listing Rules, the New General Mandate requires the approval of the Independent Shareholders at the EGM at which any of the controlling Shareholders and their associates or, where there are no controlling Shareholders, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the relevant resolutions. As at the Latest Practicable Date, Mr. Wong Kam Wah being the chairman of the Company and an executive Director and Ms. Man Wing Yee Ginny being a non-executive Director, shall abstain from voting in favour of the relevant resolution regarding the refreshment of General Mandate. Pursuant to Rule 17.42A of the GEM Listing Rules, the vote of the Independent Shareholders in respect of the refreshment of the Existing General Mandate at the EGM will be taken by way of poll.

EGM

At the EGM, ordinary resolutions will be proposed to (i) issue the Placing Shares and (ii) to refresh the Existing General Mandate to issue new Shares.

A notice convening the EGM to be held at Unit A, 23/F., CMA Building, 64-66 Connaught Road Central, Hong Kong on Thursday, 24 January 2013 at 9:30 a.m. is set out on pages 27 to 30 of this circular for the purposes of considering and, if thought fit, passing the resolutions as set out therein.

Pursuant to the GEM Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. Accordingly, all resolutions will be put to vote by way of poll at the EGM. An announcement on the poll vote results will be made by the Company after the EGM in the manner prescribed under Rule 17.47(5) of the GEM Listing Rules.

A form of proxy for use at the EGM is enclosed with this circular and such form of proxy is also published on the GEM website (www.hkgem.com) and the Company's website (www.chanceton.com). Whether or not you are able to attend the EGM, please complete and sign the form of proxy in accordance with the instructions printed thereon and return it, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority to the Company's share registrar in Hong Kong, Union Registrars Limited, at 18/F, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment thereof if you so wish and in such event, the proxy form shall be deemed to be revoked.

LETTER FROM THE BOARD

RESPONSIBILITY STATEMENT

This circular, 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, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

RECOMMENDATIONS

The Independent Board Committee has been established to advise the Independent Shareholders on whether the refreshment of the Existing General Mandate and the is fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Group and the Shareholders as a whole. Independent Financial Advisor has been appointed to advise the Independent Board Committee and the Independent Shareholders in connection therewith. The text of the letter from Independent Financial Advisor containing its advice to the Independent Board Committee and the Independent Shareholders is set out from pages 19 to 26 of this circular and the text of the letter from Independent Board Committee to the Independent Shareholders is set out from pages 17 to 18 of this circular.

The Directors (including non-executive Directors and independent non-executive Directors) consider that (i) the Placing and (ii) the refreshment of the Existing General Mandate as set out in the notice of the EGM are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend all Shareholders to vote in favour of all resolutions to be proposed at the EGM.

Your attention is drawn to the letter from the Independent Board Committee set out from pages 17 to 18 of this circular. Your attention is also drawn to the letter of advice from Independent Financial Advisor which set out its recommendation in respect of the refreshment of the Existing General Mandate and the principal factors and reasons considered by it in arriving at such advice. The text of the letter from Independent Financial Advisor is set out on pages 19 to 26 of this circular.

GENERAL INFORMATION

Your attention is drawn to the additional information set out in the appendix to this circular. In case of any inconsistency between the English and Chinese versions of this circular, the English version will prevail.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter of recommendation, prepared for the purpose of incorporation in the circular, from the Independent Board Committee to the Independent Shareholders regarding the granting of the New General Mandate.



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)

8 January 2013

To the Independent Shareholders

Dear Sir or Madam,

We refer to the circular of the Company to the Shareholders dated 8 January 2013 (the “Circular”), in which this letter forms part. Unless the context otherwise requires, capitalized terms used in this letter will have the same meanings as defined in the Circular.

We have been appointed by the Board as members of the Independent Board Committee and to advise (i) the Independent Shareholders in respect of the grant of the New General Mandate which will enable the Directors to exercise the power of the Company to allot and issue Shares not exceeding 20% of the issued share capital of the Company as at the date of the EGM and (ii) to advise whether or not it would be fair and reasonable and in the interests of the Company and the Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the grant of the New General Mandate.

We wish to draw your attention on the letter of advice from South China as set out on pages 19 to 26 of the Circular and the letter from the Board as set out on pages 5 to 16 of the Circular. Having considered, among other things, the factors and reasons considered by, and the opinion of the Independent Financial Adviser as stated in its letter of advice we are of opinion that the grant of the New General Mandate are in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Independent Shareholders to vote for the ordinary resolutions in relation to the refreshment of the Existing General Mandate to be proposed at the EGM.

Yours faithfully,

For and on behalf of
the Independent Board Committee
Independent Non-executive Directors

Mr. Chiu Chi Kong

Mr. William Robert Majcher

Mr. Yau Yan Ming Raymond

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER



South China Capital Limited
28/F., Bank of China Tower
1 Garden Road, Central
Hong Kong

8 January 2013

*To: The independent board committee and the independent shareholders of
Chanceton Financial Group Limited*

Dear Sirs,

PROPOSED REFRESHMENT OF THE GENERAL MANDATE TO ISSUE NEW SHARES

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders regarding the proposed grant of New General Mandate (being a refreshment of general mandate), details of which are set out in the letter from the Board (the “Board Letter”) in the circular to the Shareholders dated 8 January 2013 (the “Circular”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

Pursuant to the GEM Listing Rules, the granting of the New General Mandate will be subject to approval of Independent Shareholders by poll at the EGM. In this respect, controlling shareholders and their respective associates together with Directors (excluding independent non-executive Directors) and chief executive of the Company (together with its subsidiaries, the “Group”) and their respective associates are required to abstain from voting of the resolution to approve the grant of the New General Mandate. As at the Latest Practicable Date, Mr. Wong Kam Wah, Chairman of the Company, and Ms. Man Wing Yee Ginny, a non-executive Director, were interested in 300,000,000 Shares (representing approximately 57.14% of the Company’s issued share capital) and 47,510,000 Shares (representing approximately 9.05% of the Company’s issued share capital) respectively.

Other than Mr. Wong Kam Wah and Ms. Man Wing Yee, Ginny as mentioned above, we understand from the Company that no other Directors of the Company or their respective associates held any Shares as at the Latest Practicable Date. Accordingly Mr. Wong Kam Wah and Ms. Man Wing Yee, Ginny and their respective associates shall abstain from voting on the resolution relating to the grant of the New General Mandate at the upcoming EGM.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

An Independent Board Committee comprising Mr. Chiu Chi Kong, Mr. William Robert Majcher and Mr. Yau Yan Ming Raymond (all being independent non-executive Directors) has been established to advise the Independent Shareholders on the grant of the New General Mandate. We, South China Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

BASIS OF OUR OPINION

In formulating our advice and recommendations, we have relied on the accuracy of information and facts supplied, and the opinions expressed, by the Company, its Directors and the management of the Company to us. We have assumed that all statements of belief and intention made by the Directors in the Circular were made after due enquiry. We have also assumed that all information, representations and opinions made or referred to in the Circular were true, accurate and complete at the time they were made. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Company and have been advised by the Directors that no material facts have been omitted from the information provided and referred to in the Circular.

Save as disclosed above, we consider that we have reviewed sufficient information from the Company to reach an informed view, to justify our reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have not, however, conducted any independent verification of the information provided by the Company nor have we carried out any independent investigation into the business and affairs of the Company or any of its respective subsidiaries or associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinions and recommendations to the Independent Board Committee in respect of the grant of the New General Mandate, we have taken into consideration the following principal factors and reasons:

Background and reasons for the New General Mandate

The Group is a Type 6 (advising on corporate finance) registered license holder with the Securities and Futures Commission (SFC) and is principally engaged in the provision of corporate finance advisory services to both listed and private companies in Hong Kong and the PRC.

Apart from Type 6 license activities, the Directors had indicated at the time of the Company's listing in October 2011 that the Group intended to apply for Type 1 (securities dealing), Type 4 (advising on securities) and Type 9 (asset management) licenses. It was estimated that start up and initial running costs associated with Type 1 and Type 4 licenses' activities would cost approximately HK\$18.46 million whereas those costs associated with Type 9 license' activities would be approximately HK\$6 million.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

With a view to provide additional corporate finance advisory services to private companies seeking listings on the Hong Kong Stock Exchange, we understand from the Directors that the Group is also exploring the possibility to apply for a “sponsor” license. In this respect, additional qualified staff might need to be recruited and additional capital and recurring expenses would be required.

As at 30 September 2012 (being the date of the Company’s latest half yearly interim report), the Group had net assets of HK\$44.33 million, of which HK\$41.16 million was cash. The Group had no bank borrowings. The Directors have indicated that the Group’s internal resource is currently expected to be reserved for business development in the financial service area and for risk mitigation purpose under the present more challenging business environment.

In August 2012, with a view to diversify its business activities, the Group entered into an agreement to acquire 20% equity interest in Revenue Synthesis Limited which together with its subsidiaries engages in AIDS medication business for a total consideration of HK\$237.50 million, payable by way of an issue of consideration Shares and convertible bonds, details of which are contained in the Company’s announcement dated 24 August 2012. Following the above acquisition, the Group has indicated that it will continue to seek investment opportunities in the medical or related business and, in this connection, it may consider fund raising activities to facilitate such type of investment(s). As a result of the issue of the above mentioned consideration Shares and convertible bonds, the Existing General Mandate, involving the potential issue of a maximum of 100,000,000 Shares, was fully utilized.

Following completion of the above acquisition on 5 December 2012, the Group, in proportion of its 20% interest in Revenue Synthesis Limited, may have to inject HK\$3 million into above AIDS medication business for clinical trials expenses within 12 months from December 2012.

On 17 December 2012, the Company announced that it had entered into a share placing agreement with the Placing Agent to place on best effort basis a maximum of 30,000,000 Shares at HK\$2.00 per Share to raise up to HK\$58 million (after expenses). The above Placing will be conditional upon the passing of a resolution at the upcoming EGM granting the Directors the Specific Mandate to allot and issue the Placing Shares.

Apart from the issue of the consideration Shares and convertible bonds in connection with the acquisition of 20% interest in Revenue Synthesis Limited in December 2012 and the proposed Placing as announced on 17 December 2012, the Directors confirmed that the Group had not conducted any other capital fund raising activities in the past twelve months immediately prior to the Latest Practicable Date.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Based on the Group's unaudited accounts as at 30 September 2012, the Group's net assets as at that date were approximately \$44.33 million. Following completion of the acquisition of 20% of Revenue Synthesis Limited on 5 December 2012, the Group's net assets would be adjusted as follow:

	<i>HK\$m</i>
Unaudited net assets as at 30 September 2012	44.33
Issue of 25,000,000 consideration Shares at HK\$2 per Share (<i>note</i>)	<u>50.00</u>
	<u><u>94.33</u></u>

Note:

Consideration for the acquisition of 20% interest in Revenue Synthesis Limited is expected to be HK\$237.5 million and is to be satisfied by the issue of 25m consideration Shares at HK\$2 per Share and, upon attaining certain business milestones, the issue of HK\$87.5 million and HK\$100 million convertible bonds of the Company in two separate tranches. As at the Latest Practicable Date, the above mentioned 25,000,000 consideration Shares and HK\$87.5 million convertible bonds had been issued.

In summary, the Group's net assets following completion of the above mentioned acquisition would be HK\$94.33 million, or approximately HK\$0.18 per Share (based on 525,000,000 Shares in issue as at Latest Practicable Date).

We note that the Placing Price of HK\$2 per Share represents approximately 11.1 times the Group's current adjusted net assets and approximately 500 times the Group's net earnings of HK\$2.083 million for the year ended 31 March 2012 (or approximately 0.4 cent per Share calculated based on 525 million Shares outstanding).

As the Placing Price is benchmarked against current Share price and represents a significant premium to the Group's current net assets, we are of the view that the Placing is in the Group's interest and is thus fair and reasonable to Shareholders.

Grant of New General Mandate

The Directors mentioned that the purpose of the New General Mandate is to enable the Group to maintain financial flexibility to raise funds through the issue of new securities for general working capital and/or business development needs. Unless revoked or varied by ordinary resolution in a general meeting, the New General Mandate will, if granted, remain effective until the conclusion of the next annual general meeting of the Company, which will be in July 2013, being the latest to convene an annual general meeting for the Company under current GEM Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Directors are of the view that the current instability of global financial market may have a negative impact to the Group's existing business. Consequently, any fund raising activities upon the refreshment of general mandate is to the Group's benefit as it will enhance the Group's financial flexibility during any financial downturn.

As the Existing General Mandate had already been utilized and the Group is actively exploring business opportunities with a view to enhancing the Company's earnings base, we are of the view that the New General Mandate, once granted, would (i) provide the Company with necessary financing flexibility for working capital needs and for business developments as and when they arise and (ii) ensure the Company has sufficient general mandate, if so required, until the general mandate is approved in the next annual general meeting in order to take advantage of favourable equity market condition in a timely manner from the date of EGM to the next AGM date for fund raising purpose and/or business development needs, we therefore consider that the grant of the New General Mandate is in the interests of the Company and the Shareholders as a whole.

Other financing alternatives

Generally, apart from equity financing, a listed company may consider other financing methods such as debt financing or bank borrowings to fund its investment and/or business development needs, depending on its financial position, capital structure, cost of funding and general market conditions. Based on the Group's unaudited balance sheet as at 30 September 2012, the Group's net assets were approximately HK\$44.33 million, of which approximately HK\$41.16 million was cash. Other than cash deposit, the Group does not currently have any fixed asset that could be used as collateral for term loans. Consequently, we are of the view that it would be difficult for the Group to seek long term bank financing on terms amenable to the Group.

Debt financing or bank borrowings on a clean basis (i.e. without collateral), whilst possible, may be subject to lengthy due diligence review and negotiation, which will not be as efficient, in terms of timing, as equity financing through the use of New General Mandate. Moreover, the use of debt financing may incur additional interest burden to the Group. As such, the Directors are of the view that equity financing such as issuance of new Shares for cash or notes convertible into Shares may be an appropriate means to fund potential investments and/or acquisitions and provide additional working capital for the future development and expansion of the Group.

Having considered that (i) debt financing is generally more difficult for the Group to secure under its current financial position and, even if possible, might be lengthy to conclude and would incur significant interest burden to the Group if secured; (ii) a rights issue or an open offer may take a longer time to complete while fund raising exercise pursuant to general mandate provides the Company a simpler and more efficient process than other types of fund raising exercise; and (iii) the grant of the New General Mandate would provide the Company with an additional alternative and flexibility in deciding appropriate financing means for its future business needs, including Shares and/or other equity related issuance, we are of the view that the grant of the New General Mandate would be in the interests of the Company and the Independent Shareholders.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Effect on shareholdings of the Independent Shareholders

The table serves to illustrate possible shareholding dilution to Shareholders upon full utilization of the Specific Mandate for the purpose of the Placing as well as the New General Mandate:

	As at the Latest Practicable Date		Assuming following the issue of all conversion shares upon the exercise of conversion rights under the Convertible Bonds in full (Note 1) (for illustrative purpose only)		Assuming upon full utilization of the Specific Mandate for the Placing (for illustrative purpose only)		Assuming upon full utilization of the New General Mandate (for illustrative purpose only)	
	Number of shares	%	Number of shares	%	Number of shares	%	Number of shares	%
Mr. Wong Kam Wah (Note 2)	300,000,000	57.14	300,000,000	50.00	300,000,000	47.62	300,000,000	40.82
Ms. Man Wing Yee Ginny (Note 3)	47,510,000	9.05	47,510,000	7.92	47,510,000	7.54	47,510,000	6.46
Refulgent Sunrise Limited (Note 4)	25,000,000	4.76	100,000,000	16.67	100,000,000	15.87	100,000,000	13.61
Ms. Ho Chiu Ha, Maisy (Note 4)	24,000,000	4.57	24,000,000	4.00	24,000,000	3.81	24,000,000	3.27
Public (Note 5)	128,490,000	24.48	128,490,000	21.41	158,490,000	25.16	158,490,000	21.56
Maximum number of new Shares that can be issued under the New General Mandate (Note 6)	—	—	—	—	—	—	105,000,000	14.28
Public Subtotal:	—	33.81	—	21.41 (Note 5)	—	25.16 (Note 5)	—	35.84 (Note 5 & Note 6)
	<u>525,000.00</u>	<u>100.00</u>	<u>600,000,000</u>	<u>100.00</u>	<u>630,000,000</u>	<u>100.00</u>	<u>735,000,000</u>	<u>100.00</u>

Notes:

- Assuming the issue of all conversion shares at an initial conversion price of HK\$2.50 per Share following full conversion of the First Tranche and Second Tranche Convertible Bonds issued to Refulgent Sunrise Limited relating to the Company's acquisition of 20% interest in Revenue Synthesis Limited, details of which were contained in the Company's announcement dated 24 August 2012. Following such conversion, Refulgent Sunrise Limited and Ms. Ho Chiu Ha, Maisy (see note 4) will not be deemed as public shareholders. In this respect, the Company has indicated that it would monitor such conversion and would only issue Shares upon conversion of such Convertible Bonds, the result of which would not breach the prescribed minimum public float requirement under the GEM listing rules.
- These Shares are registered in the name of Kate Glory Limited. Mr. Wong Kam Wah is Chairman of the Company and the beneficial owner of 100% of the issued share capital of Kate Glory Limited.
- Ms. Man Wing Yee Ginny is a non-executive Director of the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

4. Refulgent Sunrise Limited, a BVI incorporated company held as to 64% by Mr. Tsang Yan and as to 36% by Ms. Ho Chiu Ha, Maisy, was the vendor of the 20% interest in Revenue Synthesis Limited to the Company as announced on 24 August 2012. Accordingly, Ms. Ho is deemed to be acting in concert with Refulgent Sunrise Limited. Apart from her indirect interests in the Shares through Refulgent Sunrise Limited, 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, Refulgent Sunrise Limited will become a substantial shareholder of the Company under the GEM Listing Rules and will not be treated as a member of the public and the public Shareholders will hold 128,490,000 Shares, representing 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 the Second Tranche Convertible Bonds, the total number of Shares held by the public Shareholders will be 128,490,000 Shares representing approximately 21.41% of the total issued share capital of the Company. 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. Other Public shareholders include placees under the proposed Placing for a maximum of 30,000,000 Shares upon full utilization of the Specific Mandate.
6. Maximum number of new Shares (calculated based on current 525,000,000 issued Shares) which can be issued under the New General Mandate. 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 when the new Shares are issued under the New General Mandate from time to time.

As illustrated in the table above, assuming the proposed grant of the New General Mandate would be approved at the EGM and no Shares were issued or repurchased by the Company from the Latest Practicable Date to the date of the EGM, 105,000,000 new Shares would be issued, representing 20% of the issued share capital of the Company as at the Latest Practicable Date or approximately 14.28% of the issued share capital of the Company as enlarged by the issue of the new Shares under the Placing and New General Mandate, upon the exercise of the New General Mandate in full. From the perspective of public Shareholders (including placees under the Placing), their aggregate shareholding in the Company will remain approximately the same, from approximately 21.41% (assuming full conversion of the convertible bonds in issue) to approximately 21.56% upon the exercise of the New General Mandate in full.

Taking into consideration the New General Mandate (i) allows the Company flexibility to raise further capital before the next annual general meeting; (ii) provides additional options of financing to the Group for general working capital as well as for further business developments and/or acquisitions as and when such opportunities arise; and (iii) the fact that aggregate shareholding of the public is not expected to suffer any significant dilution upon any utilisation of the New General Mandate, we are of the view that the grant of the New General Mandate is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having considered the above principal factors and reasons, we are of opinion that the grant of the New General Mandate is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution approving the grant of the New General Mandate at the EGM.

Yours faithfully,
For and on behalf of
South China Capital Limited
David Tsang
Director

NOTICE OF THE EXTRAORDINARY GENERAL MEETING



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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (“EGM”) of Chanceton Financial Group Limited (the “Company”) will be held at Unit A, 23/F., CMA Building, 64-66 Connaught Road Central, Hong Kong on Thursday, 24 January 2013 at 9:30 a.m. to consider and, if thought fit, to pass with or without amendments, the following resolutions as ordinary resolutions:

ORDINARY RESOLUTIONS

1. “**THAT**

- (a) the placing agreement dated 17 December 2012 entered into between the Company as issuer and Yuanta Securities (Hong Kong) Co., Ltd. as placing agent in relation to the placing of a maximum of 30,000,000 new shares (the “Placing Shares”) of HK\$0.01 each in the share capital of the Company at a placing price of HK\$2.00 per Placing Share (the “Placing Agreement”) (a copy of which marked “A” has been produced to the meeting and signed by the chairman of the meeting for the purpose of identification) and all transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) conditional upon, among others, the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Placing Shares, the allotment and issue of the Placing Shares (the “**Specific Mandate**”), pursuant to and subject to the terms and conditions of the Placing Agreement be and are hereby approved. The Specific Mandate is in addition to, and shall not prejudice nor revoke any general or specific mandate(s) which has/have been granted or may from time to time be granted to the directors of the Company prior to the passing of this resolution; and
- (c) the directors of the Company be and are hereby authorised to sign, execute, perfect, deliver and do all such documents, deeds, acts, matters and things, as the case may be in their discretion consider desirable or expedient to give effect to the Placing Agreement and all the transactions contemplated thereunder as well as in relation

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

to the issue and allotment of the Placing Shares (as defined in the Circular) and to agree to such variation, amendment or waiver as are, in the opinion of the directors of the Company, in the interest of the Company.”

2. “**THAT**, to the extent not already exercised, the mandate to allot and issue shares of the Company given to the Directors at the annual general meeting of the Company held on 31 July 2012 be and is hereby revoked and replaced by the mandate **THAT**:

- (a) subject to paragraph (c) below, the exercise by the Directors during the Relevant Period (as defined in paragraph (d)) of all the powers of the Company to allot or issue securities of the Company including shares of HK\$0.01 each in the capital of the Company and to make or grant offers, agreements or options including warrants to subscribe for shares, which might require securities to be issued, allotted or disposed of be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall be in addition to any other authorisation given to the Directors and shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options, including warrants to subscribe for shares, which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to a Rights Issue (as defined in paragraph (d)) or any issue of shares of the Company on the exercise of the subscription rights attaching to any warrants which may be issued by the Company from time to time or on the exercise of any options granted under the share option scheme of the Company or an issue of shares in lieu of the whole or part of a dividend on shares in accordance with the Memorandum and Articles of Association of the Company, shall not exceed the aggregate of 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution, and the said approval shall be limited accordingly; and
- (d) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law of the Cayman Islands or the Memorandum and Articles of Association of the Company to be held; and

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

- (iii) the passing of an ordinary resolution of the Company in general meeting revoking or varying the authority set out in this resolution.

“Rights Issue” means an offer of shares open for a period fixed by the Directors to holders of shares whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company).”

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

Hong Kong, 8 January 2013

Notes:

- (a) Any shareholder of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a shareholder of the Company. A shareholder who is the holder of two or more shares of the Company may appoint more than one proxy to represent him/her/it to attend and vote on his/her/its behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
- (b) To be effective, a form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, shall be deposited at the Company's share registrar in Hong Kong, Union Registrars Limited, at 18/F, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Delivery of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the proxy form shall be deemed to be revoked.
- (c) The register of members of the Company will be closed from Tuesday, 22 January 2013 to Thursday, 24 January 2013, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the above meeting, unregistered holders of shares of the Company should ensure that all share transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Union Registrars Limited, at 18/F, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, for registration not later than 4:00 p.m. on Monday, 21 January 2013.
- (d) Whether or not you propose to attend the meeting in person, you are strongly urged to complete and return the form of proxy in accordance with the instructions printed thereon. Completion and return of the form of proxy will not preclude you from attending the meeting and voting in person if you so wish. In the event that you attend the meeting after having lodged the form of proxy, it will be deemed to have been revoked.

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

- (e) In compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited, the resolution to be proposed at the meeting convened by this notice will be voted on by way of poll.

As at the date of this notice, the board of directors (“Directors”) of the Company comprises the following:

Executive Directors:

Mr. Wong Kam Wah
Dr. Cheung Victor Chor Keung
Mr. Leung Man Kit
Mr. Lau Ling Tak

Non-executive Director:

Ms. Man Wing Yee Ginny

Independent Non-executive Directors:

Mr. Chiu Chi Kong
Mr. William Robert Majcher
Mr. Yau Yan Ming Raymond

This notice, 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 the information contained in this notice is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this notice misleading.

This notice will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page for 7 days from the date of its posting and on the website of the Company.