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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)**

### **2014 FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30 JUNE 2014**

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

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

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

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

## HIGHLIGHTS

- The Group experienced double-digit growth over the corresponding period in previous year in terms of revenue.
- Unaudited revenue of the Group for the three months ended 30 June 2014 amounted to HK\$3,644,000, representing an increase of approximately 67% over the corresponding period in 2013.
- The Group recorded an unaudited consolidated loss attributable to owners of the Company for the three months ended 30 June 2014 of approximately HK\$4,309,000 as compared to a loss of approximately HK\$5,611,000 in corresponding period in 2013. The loss was mainly attributable to (i) share of amortization of intangible assets and loss of an associate of the Company amounting to approximately HK\$3,601,000 million; and (ii) imputed interest incurred in respect of the convertible bonds in relation to the acquisition of 20% equity interest in Revenue Synthesis Limited dated 24 August 2013 amounting to approximately HK\$1,172,000.
- **The Board wishes to draw the attention of the shareholders of the Company and potential investors to the fact that the abovementioned share of amortisation of intangible assets and loss from an associate of the Company and the imputed interest incurred relating to the convertible bonds are non-cash in nature and will not have any impact on the cash flow of the Group. The group remains in a healthy and solid financial condition. For illustrative purposes only, excluding these non-cash items, the Group would have recorded an operating profit of approximately HK\$270,000 for the three months ended 30 June 2014.**
- Loss per share of the Company for the three months ended 30 June 2014 was HK\$0.19 cents.
- The Directors do not recommend the payment of a dividend for the three months ended 30 June 2014.

## FIRST QUARTERLY RESULTS (UNAUDITED)

The board of Directors (the “Board”) of Chanceton Financial Group Limited is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months ended 30 June 2014, together with the unaudited comparative figures for the three months ended 30 June 2013, as follows:

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the three months ended 30 June 2014*

|                                                                                             |              | <b>Three months ended 30 June</b> |                    |
|---------------------------------------------------------------------------------------------|--------------|-----------------------------------|--------------------|
|                                                                                             |              | <b>2014</b>                       | <b>2013</b>        |
|                                                                                             |              | <b>(Unaudited)</b>                | <b>(Unaudited)</b> |
|                                                                                             | <i>Notes</i> | <b>HK\$'000</b>                   | <b>HK\$'000</b>    |
| <b>Revenue</b>                                                                              | 3            | <b>3,644</b>                      | 2,180              |
| Other gains and losses                                                                      | 3            | <b>44</b>                         | 26                 |
| Administrative and operating expenses                                                       |              | <b>(3,038)</b>                    | (1,281)            |
| Finance cost                                                                                | 4            | <b>(1,172)</b>                    | (1,172)            |
| Share of result of an associate                                                             |              | <b>(3,601)</b>                    | (5,399)            |
| (Loss)Profit before income tax                                                              | 5            | <b>(4,123)</b>                    | (5,646)            |
| Income tax                                                                                  | 6            | <b>(186)</b>                      | 35                 |
| <b>(Loss)/Profit for the year</b>                                                           |              | <b>(4,309)</b>                    | (5,611)            |
| <b>Other comprehensive loss, net of tax</b>                                                 |              |                                   |                    |
| Share of changes in other comprehensive income in an associate                              |              | <b>(10)</b>                       | (4)                |
| <b>Other comprehensive loss for the year, net of tax</b>                                    |              | <b>(10)</b>                       | (4)                |
| <b>Total comprehensive (loss)/income for the year</b>                                       |              | <b>(4,319)</b>                    | (5,615)            |
| <b>(Loss)/income attributable to owners of the Company for the year</b>                     |              | <b>(4,309)</b>                    | (5,611)            |
| <b>Total Comprehensive (loss)/income attributable to owners of the Company for the year</b> |              | <b>(4,319)</b>                    | (5,615)            |
| <b>(Loss)/earnings per share</b>                                                            | 8            |                                   |                    |
| – Basic and diluted (HK cents)                                                              |              | <b>(0.19)</b>                     | (0.25)             |

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2014

|                                                                                                    | Attributable to owners of the Company |                           |                           |                                          |                                      |                                                   | Total Equity<br>HK\$'000 |
|----------------------------------------------------------------------------------------------------|---------------------------------------|---------------------------|---------------------------|------------------------------------------|--------------------------------------|---------------------------------------------------|--------------------------|
|                                                                                                    | Share capital<br>HK\$'000             | Share premium<br>HK\$'000 | Other reserve<br>HK\$'000 | Exchange translation reserve<br>HK\$'000 | Convertible bond reserve<br>HK\$'000 | Retained profits/losses (Accumulated)<br>HK\$'000 |                          |
| At 1 April 2014 (audited)                                                                          | 22,200                                | 124,131                   | 529                       | (13)                                     | 22,856                               | 8,537                                             | 178,240                  |
| Loss for the period                                                                                | –                                     | –                         | –                         | –                                        | –                                    | (4,309)                                           | (4,309)                  |
| Other comprehensive loss for the period                                                            | –                                     | –                         | –                         | (10)                                     | –                                    | –                                                 | (10)                     |
| At 30 June 2014 (unaudited)                                                                        | <u>22,200</u>                         | <u>124,131</u>            | <u>529</u>                | <u>(23)</u>                              | <u>22,856</u>                        | <u>4,228</u>                                      | <u>173,921</u>           |
| At 1 April 2013 (audited)                                                                          | 5,550                                 | 140,781                   | 26,360                    | (3)                                      | 22,856                               | (1,469)                                           | 194,075                  |
| Loss for the period                                                                                | –                                     | –                         | –                         | –                                        | –                                    | (5,611)                                           | (5,611)                  |
| Other comprehensive loss for the period                                                            | –                                     | –                         | –                         | (4)                                      | –                                    | –                                                 | (4)                      |
| Issue on bonus shares on the basis of three (3) bonus shares for every one (1) existing share held | 16,650                                | (16,650)                  | –                         | –                                        | –                                    | –                                                 | –                        |
| At 30 June 2013 (unaudited)                                                                        | <u>22,200</u>                         | <u>124,131</u>            | <u>26,360</u>             | <u>(7)</u>                               | <u>22,856</u>                        | <u>(7,080)</u>                                    | <u>188,460</u>           |

# **NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FIRST QUARTERLY RESULTS**

*For the three months ended 30 June 2014*

## **1. GENERAL INFORMATION**

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

The Company is an investment holding company. The principal activities of its subsidiaries are provision of corporate finance advisory services mainly to listed and non-listed companies in Hong Kong and the People's Republic of China (the "PRC").

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

The Group's unaudited condensed consolidated first quarterly financial statements for the three months ended 30 June 2014 have been prepared in accordance with Hong Kong Accounting Standard issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of the GEM Listing Rules. The principal accounting policies used in the Group's unaudited condensed first quarterly financial statements are consistent with those adopted in the financial statements for the year ended 31 March 2014 and these unaudited condensed consolidated first quarterly financial statements should be read in conjunction with such financial statements.

The Group's unaudited condensed consolidated first quarterly financial statements for the three months ended 30 June 2014 have been prepared under the historical cost convention, except for certain financial assets and liabilities which have been measured at fair values. The Group's unaudited condensed consolidated first quarterly financial statements for the three months ended 30 June 2014 are presented in Hong Kong dollars ("HK\$") except when otherwise indicated. The Group has adopted new or revised standards, amendments to standards and interpretations of Hong Kong Financial Reporting Standards ("new HKFRSs") which are effective for accounting periods commencing on or after 1 April 2012. The adoption of such new HKFRSs does not have material impact on the consolidated accounts and does not result in substantial changes to the Group's accounting policies.

The condensed consolidated accounts have not been audited by the Company's auditors, but have been reviewed by the Company's audit committee.

### 3. REVENUE, OTHER GAINS AND LOSSES

Revenue, which is also the Group's turnover, represents fees income received from corporate finance advisory services rendered during the period.

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

|                                            | <b>Three months ended 30 June</b> |                     |
|--------------------------------------------|-----------------------------------|---------------------|
|                                            | <b>2014</b>                       | <b>2013</b>         |
|                                            | <b>(Unaudited)</b>                | <b>(Unaudited)</b>  |
|                                            | <b>HK\$'000</b>                   | <b>HK\$'000</b>     |
| <b>Revenue</b>                             |                                   |                     |
| Corporate finance advisory income          | <u>3,644</u>                      | <u>2,180</u>        |
|                                            | <b><u>3,644</u></b>               | <b><u>2,180</u></b> |
| <b>Other gains and losses</b>              |                                   |                     |
| Management fee income                      | 11                                | 11                  |
| Bank interest income                       | 1                                 | 1                   |
| Sundry income                              | 68                                | 14                  |
| Realised loss on financial assets at FVTPL | <u>(36)</u>                       | <u>–</u>            |
|                                            | <b><u>44</u></b>                  | <b><u>26</u></b>    |

### 4. FINANCE COSTS

|                                      | <b>Three months ended 30 June</b> |                    |
|--------------------------------------|-----------------------------------|--------------------|
|                                      | <b>2014</b>                       | <b>2013</b>        |
|                                      | <b>(Unaudited)</b>                | <b>(Unaudited)</b> |
|                                      | <b>HK\$'000</b>                   | <b>HK\$'000</b>    |
| Imputed interest on convertible bond | <u>1,172</u>                      | <u>1,172</u>       |

## 5. LOSS BEFORE TAX

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

|                                                               | <b>Three months ended 30 June</b> |                    |
|---------------------------------------------------------------|-----------------------------------|--------------------|
|                                                               | <b>2014</b>                       | <b>2013</b>        |
|                                                               | <b>(Unaudited)</b>                | <b>(Unaudited)</b> |
|                                                               | <b>HK\$'000</b>                   | <b>HK\$'000</b>    |
| Employee benefit expenses (including directors' remuneration) |                                   |                    |
| – Wages, salaries, allowances and bonus                       | <b>1,639</b>                      | 933                |
| – Pension scheme contributions*                               | <b>54</b>                         | 34                 |
|                                                               | <b>1,693</b>                      | <b>967</b>         |
| Depreciation                                                  | <b>20</b>                         | 19                 |
| Minimum lease payment under operating lease:                  |                                   |                    |
| – Property rental                                             | <b>208</b>                        | 190                |

\* As at 30 June 2014 and 2013, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years.

## 6. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) for the three months ended 30 June 2014.

|              | <b>Three months ended 30 June</b> |                    |
|--------------|-----------------------------------|--------------------|
|              | <b>2014</b>                       | <b>2013</b>        |
|              | <b>(Unaudited)</b>                | <b>(Unaudited)</b> |
|              | <b>HK\$'000</b>                   | <b>HK\$'000</b>    |
| Current tax  | <b>379</b>                        | 158                |
| Deferred tax | <b>(193)</b>                      | (193)              |
|              | <b>186</b>                        | <b>(35)</b>        |

The tax (credit)/charge for the period can be reconciled to the loss before tax as follows:

|                                                         | <b>For the three months ended 30 June</b> |                   |                    |                     |
|---------------------------------------------------------|-------------------------------------------|-------------------|--------------------|---------------------|
|                                                         | <b>2014</b>                               |                   | <b>2013</b>        |                     |
|                                                         | <b>(Unaudited)</b>                        |                   | <b>(Unaudited)</b> |                     |
|                                                         | <b>HK\$'000</b>                           | <b>%</b>          | <b>HK\$'000</b>    | <b>%</b>            |
| Loss before tax                                         | <u>(4,123)</u>                            |                   | <u>(5,646)</u>     |                     |
| Tax expenses at the Hong Kong Profits Tax rate of 16.5% | (680)                                     | (16.5)            | (932)              | (16.5)              |
| Tax effect of expenses not deductible for tax purposes  | 866                                       | 21.0              | 897                | 15.9                |
| Tax effect of tax losses not recognised                 | <u>—</u>                                  | <u>—</u>          |                    |                     |
| Tax (credit)/charge for the period                      | <u><b>186</b></u>                         | <u><b>4.5</b></u> | <u><b>(35)</b></u> | <u><b>(0.6)</b></u> |

## 7. DIVIDENDS

The Board does not recommend the payment of any dividend for three months ended 30 June 2014.

## 8. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

|                                                                                                        | <b>Three months ended 30 June</b> |                       |
|--------------------------------------------------------------------------------------------------------|-----------------------------------|-----------------------|
|                                                                                                        | <b>2014</b>                       | <b>2013</b>           |
|                                                                                                        | <b>(Unaudited)</b>                | <b>(Unaudited)</b>    |
|                                                                                                        | <b>HK\$'000</b>                   | <b>HK\$'000</b>       |
| Loss attributable to the owners of the Company for the purpose of basic and diluted earnings per share | <u><b>(4,309)</b></u>             | <u><b>(5,611)</b></u> |

## Number of Shares

|                                                                                                                | <b>Three months ended 30 June</b> |                         |
|----------------------------------------------------------------------------------------------------------------|-----------------------------------|-------------------------|
|                                                                                                                | <b>2014</b>                       | <b>2013</b>             |
|                                                                                                                | <b>(Unaudited)</b>                | <b>(Unaudited)</b>      |
|                                                                                                                | <b>'000</b>                       | <b>'000</b>             |
| Weighted average number of ordinary shares for the purpose of basic and diluted loss per share ( <i>Note</i> ) | <b><u>2,220,000</u></b>           | <b><u>2,220,000</u></b> |

*Note:* Diluted loss per share is the same as basic loss per share as there were no potential dilutive ordinary shares outstanding during the three months ended 30 June 2014 and 2013.

## 9. APPROVAL OF UNAUDITED CONDENSED CONSOLIDATED FIRST QUARTERLY FINANCIAL STATEMENTS

The unaudited condensed consolidated first quarterly financial statements of the Group were approved and authorised for issue by the Board on 14 August 2014.

## **DIVIDEND**

The Board does not recommend the payment of a dividend for the three months ended 30 June 2014.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Business Review**

The Company's shares were successfully listed on GEM of the Stock Exchange on 12 October 2011 (the "Listing").

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

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

During the period under review, the Group continued to focus on the provision of corporate finance advisory services to its clients. The group also continued to maintain professional networks to facilitate new client referrals and client retention through business luncheons, dinners, cocktails and other social occasions, and involvement in various professional bodies and educational institutions. The Group recorded revenue of approximately HK\$3,644,000 for the three months ended 30 June 2014, representing an increase of approximately 67% when compared to the corresponding year in 2013.

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

Following the acquisition of approximately 25% equity interest in Revenue Synthesis Limited relating to AIDS medication business, the Board, together with the medical committee of the Company has been actively managing and monitoring the development progress of the AIDS medication capsule. The Directors are of the view that the current progress of the AIDS medication business is satisfactory and are confident that the AIDS medication business would create value to the shareholders of the Company in future.

### **Possible acquisition by the Company**

References are made to the announcements of the Company dated 22 May 2014 and 7 April 2014, we have entered into sale and purchase agreements with respective vendors in relation to the acquisition of the equity interests in a target company on 4 April 2014 which may constitute a very substantial acquisition (the “Possible VSA”) to the Company. However, as recent developments have occurred that may result in possible material alterations to the form and substance of the Possible VSA and therefore active negotiations remain continue. We are confident that if the Possible VSA could be materialized would definitely deliver significant positive impact to the Group’s financial performance as well as maximize wealth to all shareholders of the Company. We will keep our shareholders updated of any progress on the Possible VSA as and where appropriate from time to time.

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

## **Financial Review**

### ***Results***

For the three months ended 30 June 2014, revenue of the Group increased by approximately 67% to approximately HK\$3,644,000 from approximately HK\$2,180,000 in the corresponding period in 2013.

The Group’s administrative and operating expenses for the three months ended 30 June 2014 increased by approximately 2.37 times to approximately HK\$3,038,000 compared to approximately HK\$1,281,000 for the corresponding period in 2013. The increase in administrative and operating expenses were mainly due to (i) significant increase in total employee benefit expenses by approximately 1.75 times to approximately HK\$1,693,000 for the three months ended 30 June 2014 as compared to approximately HK\$967,000 in the corresponding period in 2013; (ii) incurrence of marketing and legal and professional fees of approximately HK\$570,000 in connection with the Possible VSA; and (iii) incurrence of consulting fees of approximately HK\$180,000 to cope with the AIDS medication business of the Company.

The Group's loss attributable to owners of the Company for the three months ended 30 June 2014 was approximately HK\$4,309,000 compared to approximately HK\$5,611,000 for the corresponding period last year. The loss was mainly attributable to (i) share of amortization of intangible assets and loss of an associate of the Company amounting to approximately HK\$3,601,000; (ii) imputed interest incurred in respect of the convertible bonds in relation to the acquisition of 20% equity interest in Revenue Synthesis Limited dated 24 August 2013 amounting to approximately HK\$1,172,000. **The Board wishes to draw the attention of the shareholders of the Company and potential investors to the fact that the abovementioned share of amortization of intangible assets and loss from an associate of the Company and the imputed interest incurred relating to the convertible bonds are non-cash in nature and will not have any impact on the cash flow of the Group. The Group remains in a healthy and solid financial condition. For illustrative purposes only, excluding the above-mentioned non-cash expenses, the Group would have recorded an operating profit of approximately HK\$270,000 for the three months ended 30 June 2014.**

## **FOREIGN EXCHANGE EXPOSURE**

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

## **TREASURY POLICIES**

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

## **PLEDGE OF ASSETS**

As at 30 June 2014, the Group did not pledge any of its assets (30 June 2013: nil) as securities for the banking facilities granted to the Group.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 June 2014, the Group had 18 full-time employees (30 June 2013: 16 full-time employees), including the Directors. Total employee benefit expenses (including Directors' emoluments) were approximately HK\$1,693,000 for the three months ended 30 June 2014 as compared to approximately HK\$967,000 for the three months ended 30 June 2013. Remuneration is determined with reference to market terms and the performance, qualification and experience of

individual employee. Year-end bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include contributions to statutory mandatory provident fund scheme and medical benefit to its employees in Hong Kong. In addition, the Group adopted a share option scheme for eligible employees (including Directors) to provide incentives to participants for their contribution and continuing efforts to promote the interests of the Group.

## **OUTLOOK**

The Company will continue to pursue its core business, the provision of corporate finance advisory services mainly to listed and non-listed companies in Hong Kong and the PRC, and to strengthen it by enhancing technical competence, expanding the alliance network, improving public awareness, expanding other aspects of corporate finance advisory services. The Group will also continue to try to retain its existing clients by offering outstanding and competitive services and to obtain more new engagements from broadening of the client base, while maintaining its existing cost-effective business structure to stay competitive in the industry.

The Board is of the view that the AIDS medication business in line with one of the business strategies of the Group as stated in the Prospectus which is to seek investment in high-return projects. The Board believes that Chinese herbs, in general, are milder, have fewer side effects and are affordable to patients and the growing potential of the China's herbal medicine market for treating AIDS with few competitors, the AIDS medication business represents an important milestone to the Group given the huge market potential in the AIDS medication industry.

References are made to the announcements of the Company dated 22 May 2014 and 7 April 2014, we have entered into sale and purchase agreements with respective vendors in relation to the acquisition of the equity interests in a target company on 4 April 2014 which may constitute a Possible VSA. However, as recent developments have occurred that may result in possible material alterations to the form and substance of the Possible VSA and therefore active negotiations remain continue. We are confident that if the Possible VSA could be materialized would definitely deliver significant positive impact to the Group's financial performance as well as maximize wealth to all shareholders of the Company. We will keep our shareholders updated of any progress on the Possible VSA as and where appropriate from time to time. The Group will continue to study feasible projects with good potential returns to contribute a maximum wealth to the Company's shareholders. The Company's Directors and management will continue to dedicate their best effort to lead the Group to strive for the best interests for its shareholders.

## **SHARE OPTION SCHEME**

The Company has conditionally adopted the share option scheme (the “Scheme”) on 21 September 2011 under which certain selected classes of participants (including, among others, full-time employees) may be granted options to subscribe for the Company’s shares. The principal terms of the Scheme are summarised in the paragraph headed “Share Option Scheme” in Appendix V to the prospectus of the Company dated 28 September 2011.

On 25 September 2013, the shareholders of the Company had approved the refreshment of the 10% scheme mandate limit on the grant of options under the Scheme. Options previously granted (if any) under the Scheme (including without limitation those outstanding, cancelled, lapsed or exercised in accordance with the Scheme) will not be counted for the purpose of calculating the scheme mandate limit as refreshed. Based on 2,220,000,000 shares of the Company in issue as at the date of refreshment, the Directors were authorised to issue options to subscribe for a total of 222,000,000 shares of the Company, representing 10% of the total number of shares of the Company in issue as at the date of refreshment.

From the adoption date of the Scheme to 30 June 2014, no share option was granted, exercised or lapsed under the Scheme.

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

As at 30 June 2014, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (“SFO”)) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange, were as follows:

## Long positions in the Company

| Name of Director and chief executive | Type of interests                    | Number of ordinary shares held | Number of underlying shares pursuant to share option | Approximate percentage of shareholding in the Company |
|--------------------------------------|--------------------------------------|--------------------------------|------------------------------------------------------|-------------------------------------------------------|
| Ms. Ho Chiu Ha Maisy<br>(Note 1)     | Beneficial owner                     | 336,000,000                    | –                                                    | 15.14%                                                |
|                                      | Interest of a controlled corporation | 100,000,000                    | 140,000,000                                          | 10.81%                                                |
| Mr. Wong Kam Wah (Note 2)            | Interest of a controlled corporation | 960,000,000                    | –                                                    | 43.24%                                                |
| Mr. Tsang Yan (Note 3)               | Interest of a controlled corporation | 100,000,000                    | 140,000,000                                          | 10.81%                                                |
| Ms. Man Wing Yee Ginny               | Beneficial owner                     | 190,040,000                    | –                                                    | 8.56%                                                 |

Note(s):

- Ms. Ho Chiu Ha Maisy has a total interest in 576,000,000 shares/underlying shares (representing and aggregate of approximately 25.95% shareholding in the Company), of which (i) 100,000,000 shares were allotted to Refulgent Sunrise Limited, a company owned as to 36% by Ms. Ho Chiu Ha Maisy and it is an approximately 75% shareholder of Revenue Synthesis Limited, an associated corporation of the Company, As a result, Ms. Ho Chiu Ha Masiy is deemed to be interested in the approximately 75% shareholding in Revenue Synthesis Limited and the 100,000,000 shares of the Company through Refulgent Sunrise Limited by virtue of the SFO; (ii) Ms. Ho Chiu Ha Maisy personal held 336,000,000 shares; and (iii) 140,000,000 shares relate to her derivative interests in convertible bonds through her shareholding in Refulgent Sunrise Limited. Details of which are disclosed in “Convertible Bonds” below.
- These shares are registered in the name of Kate Glory Limited. Mr. Wong Kam Wah is the beneficial owner of 100% of the issued share capital of Kate Glory Limited. By virtue of the SFO, Mr. Wong Kam Wah is deemed to be interest in 960,000,000 shares held by Kate Glory Limited.
- Mr. Tsang Yan has a total interest in 240,000,000 shares/underlying shares, of which (i) 100,000,000 shares were allotted to Refulgent Sunrise Limited, a company owned as to 64% by Mr. Tsang Yan and it is an approximately 75% shareholder of Revenue Synthesis Limited, an associated corporation of the Company. As a result, Mr. Tsang Yan is deemed to be interested in the approximately 75% shareholding in Revenue Synthesis Limited and the 100,000,000 shares of the Company through Refulgent Sunrise Limited by virtue of the SFO; and (ii) 140,000,000 shares relate to his derivative interests in Convertible Bonds through his shareholding in Refulgent Sunrise Limited. Details of which are disclosed in “Convertible Bonds” below.

### ***Convertible bonds***

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

Save as disclosed above, as at 30 June 2014, none of the Directors and chief executive of the Company had any other interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange.

### **SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES**

As at 30 June 2014, so far as was known to the Directors, the following persons/entities (other than the Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any member of the Group were as follows:

## Long positions in the Company

| Name of shareholders                        | Capacity                                              | Number of ordinary shares held | Number of underlying shares held | Approximate percentage of shareholding in the Company |
|---------------------------------------------|-------------------------------------------------------|--------------------------------|----------------------------------|-------------------------------------------------------|
| Kate Glory Limited ( <i>Note 1</i> )        | Beneficial owner                                      | 960,000,000                    | –                                | 43.24%                                                |
| Mr. Wong Kam Wah ( <i>Note 1</i> )          | Interest of a controlled corporation                  | 960,000,000                    | –                                | 43.24%                                                |
| Ms. Man Wing Yee Ginny                      | Beneficial owner                                      | 190,040,000                    | –                                | 8.56%                                                 |
| Ms. Ho Chiu Ha Maisy ( <i>Note 2</i> )      | Beneficial owner/interest of a controlled corporation | 336,000,000                    | 240,000,000                      | 25.95%                                                |
| Mr. Tsang Yan ( <i>Note 2</i> )             | Interest of a controlled corporation                  | –                              | 240,000,000                      | 10.81%                                                |
| Refulgent Sunrise Limited ( <i>Note 2</i> ) | Beneficial owner                                      | 100,000,000                    | 140,000,000                      | 10.81%                                                |

### *Note:*

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

Save as disclosed above, as at 30 June 2014, the Directors were not aware of any other persons/entities (other than the Directors and chief executive of the Company) who had interests or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or who is directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any member of the Group.

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

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

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

Neither the Company, nor any of its subsidiaries, has purchased, redeemed or sold any of the Company's listed shares during the three months ended 30 June 2014.

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

During the three months ended 30 June 2014, none of the Directors, the management shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) had any interest in a business which causes or may cause a significant competition with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

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

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, the Company was not aware of any non-compliance with such required standard of dealings and its code of conduct regarding securities transactions by directors during the three months ended 30 June 2014.

## **CODE OF CORPORATE GOVERNANCE PRACTICES**

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

## AUDIT COMMITTEE

The Company set up an audit committee (the “Committee”) on 21 September 2011, with written terms of reference in compliance with the GEM Listing Rules, for the purpose of reviewing and providing supervision over the financial reporting process and internal control of the Group. The Committee comprises three independent non-executive Directors, namely Mr. Chiu Chi Kong, Mr. William Robert Majcher and Mr. Yau Yan Ming Raymond (as the Committee chairman) and an executive Director, Mr. Lau Ling Tak. The unaudited condensed consolidated first quarterly financial statements of the Group for the three months ended 30 June 2014 have not been audited by the Company’s auditors, but have been reviewed by the Committee, who is of the opinion that the first quarterly financial statements comply with the applicable accounting standards, the Stock Exchange and legal requirements, and that adequate disclosures have been made.

## SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange of Hong Kong Limited has been suspended with effect from 9:00 a.m. on 7 April 2014 and shall remain suspended pending the release of an announcement in relation to a very substantial acquisition of the Company.

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

Hong Kong, 14 August 2014

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

*This announcement will remain on the GEM website ([www.hkgem.com](http://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](http://www.chanceton.com)).*