

# GREATERCHINA PROFESSIONAL SERVICES LIMITED

漢華專業服務有限公司\*

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8193)**

## INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 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.

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*This announcement, for which the directors (the “Directors”) of GreaterChina Professional Services 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, the information contained in this announcement 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 announcement misleading.*

*This announcement, in both English and Chinese versions, is available on the Company’s website at [www.gca.com.hk](http://www.gca.com.hk).*

\* For identification purpose only

The board of Directors of the Company (the “Board”) presents the unaudited condensed consolidated financial statements of the Company and its subsidiaries (together, the “Group”) for the three months and six months ended 30 September 2014, together with the unaudited comparative figures for the corresponding periods in 2013, as follows:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 30 September 2014

	Notes	Three months ended 30 September		Six months ended 30 September	
		2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
<b>Turnover</b>	5	<b>8,798</b>	15,254	<b>16,926</b>	34,717
Cost of services		<u>(5,001)</u>	<u>(6,376)</u>	<u>(10,035)</u>	<u>(11,922)</u>
<b>Gross profit</b>		<b>3,797</b>	8,878	<b>6,891</b>	22,795
Other income	5	<b>1,515</b>	1,113	<b>2,181</b>	1,894
Marketing, administrative and other operating expenses		<b>(11,155)</b>	(11,092)	<b>(20,621)</b>	(20,205)
Finance costs		<b>(1)</b>	(3)	<b>(3)</b>	(6)
Increase in fair value on financial asset at fair value through profit or loss		<b>533</b>	–	<b>533</b>	–
Share of results of associates and a joint venture		<b>(84)</b>	618	<b>(84)</b>	536
<b>(Loss)/profit before tax</b>		<b>(5,395)</b>	(486)	<b>(11,103)</b>	5,014
Income tax expense	6	<u>–</u>	<u>(132)</u>	<u>–</u>	<u>(967)</u>
<b>(Loss)/profit for the period attributable to owners of the Company</b>		<b><u>(5,395)</u></b>	<b><u>(618)</u></b>	<b><u>(11,103)</u></b>	<b><u>4,047</u></b>
<b>Other comprehensive (expense)/ income, net of tax</b>					
<i>Item that may be reclassified to profit or loss:</i>					
Exchange differences arising on translating foreign operations		<u>(5)</u>	<u>28</u>	<u>3</u>	<u>27</u>
<b>Total comprehensive (expense)/ income for the period attributable to owners of the Company</b>		<b><u>(5,400)</u></b>	<b><u>(590)</u></b>	<b><u>(11,100)</u></b>	<b><u>4,074</u></b>
		<i>HK cents</i>	<i>HK cents</i> (restated)	<i>HK cents</i>	<i>HK cents</i> (restated)
<b>(Loss)/earnings per share</b>	8				
Basic		<u>(0.72)</u>	<u>(0.10)</u>	<u>(1.63)</u>	<u>0.66</u>
Diluted		<u>(0.72)</u>	<u>(0.10)</u>	<u>(1.63)</u>	<u>0.66</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 September 2014*

	<i>Notes</i>	<b>30 September 2014 HK\$'000 (unaudited)</b>	31 March 2014 HK\$'000 (audited)
<b>Non-current assets</b>			
Property, plant and equipment		1,195	1,368
Investments in associates and a joint venture		68,743	–
Available-for-sale financial asset		2,241	2,241
Deposit paid for acquisition of an associate		325	325
		<b>72,504</b>	3,934
<b>Current assets</b>			
Trade receivables	9	90,849	112,920
Prepayments, deposits and other receivables		28,360	33,346
Financial asset at fair value through profit or loss		26,805	–
Derivative financial asset		173	–
Amount due from a joint venture		3,968	4,080
Pledged bank deposit		1,028	1,022
Bank and cash balances		43,513	4,024
		<b>194,696</b>	155,392
<b>Current liabilities</b>			
Trade payables	10	4,500	4,820
Accruals and other payables		4,250	3,412
Amount due to a director		150	–
Obligations under finance leases		84	167
Current tax liabilities		3,029	3,029
		<b>12,013</b>	11,428
<b>Net current assets</b>		<b>182,683</b>	143,964
<b>NET ASSETS</b>		<b>255,187</b>	147,898
<b>Capital and reserves</b>			
Share capital		8,579	5,018
Reserves		246,608	142,880
<b>TOTAL EQUITY</b>		<b>255,187</b>	147,898

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2014

	Attributable to owners of the Company						
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Foreign currency translation reserve HK\$'000	Retained earnings HK\$'000	Share-based payment reserve HK\$'000	Total equity HK\$'000
<b>At 1 April 2014 (audited)</b>	<b>5,018</b>	<b>71,984</b>	<b>5,359</b>	<b>(52)</b>	<b>65,127</b>	<b>462</b>	<b>147,898</b>
Loss for the period	-	-	-	-	(11,103)	-	(11,103)
Exchange differences arising on translating foreign operations	-	-	-	3	-	-	3
Total comprehensive income/ (expense)	-	-	-	3	(11,103)	-	(11,100)
Shares issued pursuant to exercise of share options	38	1,004	-	-	-	(330)	712
Recognition of share-based payments	-	-	-	-	-	9	9
Issue of shares upon open offer	2,523	47,941	-	-	-	-	50,464
Issue of consideration shares	1,000	68,000	-	-	-	-	69,000
Share issue expense	-	(1,796)	-	-	-	-	(1,796)
<b>At 30 September 2014 (unaudited)</b>	<b>8,579</b>	<b>187,133</b>	<b>5,359</b>	<b>(49)</b>	<b>54,024</b>	<b>141</b>	<b>255,187</b>

Attributable to owners of the Company

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Foreign currency translation reserve <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Share- based payment reserve <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
<b>At 1 April 2013 (audited)</b>	5,000	71,478	5,359	(45)	36,217	669	118,678
Profit for the period	–	–	–	–	4,047	–	4,047
Exchange differences arising on translating foreign operations	–	–	–	27	–	–	27
Total comprehensive income	–	–	–	27	4,047	–	4,074
Shares issued pursuant to exercise of share options	14	378	–	–	–	(121)	271
Recognition of share-based payments	–	–	–	–	–	43	43
Effect of forfeiture of share options granted	–	–	–	–	80	(80)	–
Final dividend paid in respect of the previous financial year	–	–	–	–	(2,500)	–	(2,500)
<b>At 30 September 2013 (unaudited)</b>	<u>5,014</u>	<u>71,856</u>	<u>5,359</u>	<u>(18)</u>	<u>37,844</u>	<u>511</u>	<u>120,566</u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability.

The Company is an investment holding company. The principal activities of its subsidiaries are provision of asset advisory services, asset appraisal and corporate services and consultancy.

The condensed consolidated financial statements have not been audited. The condensed consolidated financial statements have been reviewed by the audit committee of the Company.

These condensed consolidated financial statements are approved and authorised for issue by the Board on 13 November 2014.

### 2. BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended 30 September 2014 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 ‘Interim Financial Reporting’ issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules.

### 3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2014 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2014.

In the current interim period, the Group has applied, for the first time, a new Interpretation and certain amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are mandatorily effective for the current interim period.

The application of the above new Interpretation and amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

### 4. SEGMENT INFORMATION

The Group has two reportable segments as follows:

Asset advisory services and asset appraisal	—	Provision of asset advisory services and asset appraisal, including real estate and fixed asset appraisal, mineral property appraisal, business and intangible asset valuation, financial instrument and derivative valuation and advisory related to various types of assets in particular property in the People’s Republic of China (“PRC”)
Corporate services and consultancy	—	Provision of company secretarial services, human resource management and other administrative services, accounting and tax services, corporate communication and marketing services, corporate governance, internal control and enterprise risk management services, management consultancy services

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technical requirements and marketing strategies.

Segment profits or losses do not include corporate income and expenses, change in fair value on financial asset at fair value through profit or loss, share of results of associates and a joint venture and finance costs. Assets and liabilities are not monitored by the Group's senior executive management based on segments. Accordingly, no information on segment assets and liabilities is presented.

The Group accounts for inter-segment revenue and transfers as if the revenue or transfers were to third parties, i.e. at current market prices.

An analysis of the Group's revenue and results for the period by operating segment was as follows:

	<b>Six months ended 30 September 2014</b>		
	<b>Asset advisory services and asset appraisal <i>HK\$'000</i> (unaudited)</b>	<b>Corporate services and consultancy <i>HK\$'000</i> (unaudited)</b>	<b>Total <i>HK\$'000</i> (unaudited)</b>
Revenue from external customers	<b>14,492</b>	<b>2,434</b>	<b>16,926</b>
Inter-segment revenue	–	<b>1,578</b>	<b>1,578</b>
Segment profit/(loss)	<b>2,070</b>	<b>(2,981)</b>	<b>(911)</b>
Unallocated corporate expense, net			<b>(11,201)</b>
Dividend income from financial asset at fair value through profit or loss			<b>560</b>
Increase in fair value on financial asset at fair value through profit or loss			<b>533</b>
Share of results of associates and a joint venture			<b>(84)</b>
Loss for the period			<b><u><u>(11,103)</u></u></b>

	Six months ended 30 September 2013		
	Asset advisory services and asset appraisal <i>HK\$'000</i> (unaudited)	Corporate services and consultancy <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
Revenue from external customers	21,309	13,408	34,717
Inter-segment revenue	–	4,230	4,230
Segment profit	2,193	10,596	12,789
Unallocated corporate expense, net			(9,278)
Share of results of associates and a joint venture			536
Profit for the period			4,047

## 5. REVENUE AND OTHER INCOME

Revenue, which is also the Group's turnover, represents income from asset appraisal services, asset advisory services and corporate services and consultancy.

An analysis of revenue and other income are as follows:

	Three months ended 30 September		Six months ended 30 September	
	2014 <i>HK\$'000</i> (unaudited)	2013 <i>HK\$'000</i> (unaudited)	2014 <i>HK\$'000</i> (unaudited)	2013 <i>HK\$'000</i> (unaudited)
<b>Revenue</b>				
Asset appraisal services income	6,894	8,694	14,322	16,657
Asset advisory services income	170	4,652	170	4,652
Corporate services and consultancy income	1,734	1,908	2,434	13,408
	<u>8,798</u>	<u>15,254</u>	<u>16,926</u>	<u>34,717</u>
<b>Other income</b>				
Interest income	4	4	8	5
Dividend income from financial asset at fair value through profit or loss	560	–	560	–
Others	951	1,109	1,613	1,889
	<u>1,515</u>	<u>1,113</u>	<u>2,181</u>	<u>1,894</u>



## 6. INCOME TAX EXPENSE

	Three months ended 30 September		Six months ended 30 September	
	2014 <i>HK\$'000</i> (unaudited)	2013 <i>HK\$'000</i> (unaudited)	2014 <i>HK\$'000</i> (unaudited)	2013 <i>HK\$'000</i> (unaudited)
<b>Current tax</b>				
— <b>Hong Kong Profits Tax</b>				
Provision for the period	—	132	—	967

Hong Kong Profits Tax has been provided at a rate of 16.5% (2013: 16.5%) on the estimated assessable profit for the current and preceding periods.

Tax charges on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

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

## 7. DIVIDENDS

The Board does not declare the payment of an interim dividend for the six months ended 30 September 2014 (six months ended 30 September 2013: Nil).

## 8. (LOSS)/EARNINGS PER SHARE

The calculation of basic and diluted (loss)/earnings per share is based on the following data:

	Three months ended 30 September		Six months ended 30 September	
	2014 <i>HK\$'000</i> (unaudited)	2013 <i>HK\$'000</i> (unaudited)	2014 <i>HK\$'000</i> (unaudited)	2013 <i>HK\$'000</i> (unaudited)
(Loss)/profit attributable to owners of the Company	<u>(5,395)</u>	<u>(618)</u>	<u>(11,103)</u>	<u>4,047</u>
	<i>'000</i>	<i>'000</i> (restated) <i>(Note)</i>	<i>'000</i>	<i>'000</i> (restated) <i>(Note)</i>
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	<b>745,321</b>	615,978	<b>681,815</b>	616,275
Effect of dilutive potential ordinary shares: Share options	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,532</u>
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	<u><b>745,321</b></u>	<u>615,978</u>	<u><b>681,815</b></u>	<u>617,807</u>

*Note:* The weighted average number of ordinary shares for the purpose of calculating basic and diluted (loss)/earnings per share for the period has been retrospectively adjusted for the effect of the issue of shares upon an open offer, which was completed on 25 August 2014.

The computation of diluted loss per share for the three months and six months ended 30 September 2014, and for the three months ended 30 September 2013 did not include the Company's outstanding share options since their assumed exercise would result in an anti-dilutive effect on loss per share.

## 9. TRADE RECEIVABLES

The Group's trading terms with customers are mainly on credit. During the six months ended 30 September 2014, the credit terms generally range from 14 to 30 days (year ended 31 March 2014: same). However, according to our past experience, revenue from asset advisory and corporate consultancy services would have a longer collection period of over 180 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the Directors.

As at 30 September 2014 and 31 March 2014, the ageing analysis of the trade receivables, net of allowance, was as follows:

	<b>As at 30 September 2014 HK\$'000 (unaudited)</b>	As at 31 March 2014 HK\$'000 (audited)
0 to 30 days	2,346	31,999
31 to 90 days	1,992	7,939
91 to 180 days	1,042	1,333
181 to 365 days	31,136	16,034
Over 365 days	54,333	55,615
	<u>90,849</u>	<u>112,920</u>
Total	<u>90,849</u>	<u>112,920</u>

The Group's ageing analysis of trade receivable from asset advisory and corporate consultancy services, based on invoice date, and net of allowance, is as follows:

	<b>As at 30 September 2014 HK\$'000 (unaudited)</b>	As at 31 March 2014 HK\$'000 (audited)
0 to 30 days	–	25,300
31 to 90 days	–	–
91 to 180 days	–	–
181 to 365 days	29,952	14,377
Over 365 days	46,885	53,257
	<u>76,837</u>	<u>92,934</u>
	<u>76,837</u>	<u>92,934</u>

As at 30 September 2014, the trade receivables from asset advisory and corporate consultancy services aged over 180 days (the "Long Outstanding Receivables") amounted to approximately HK\$76,837,000 (31 March 2014: approximately HK\$67,634,000). The Directors closely monitor the recovery of the Long Outstanding Receivables. Appropriate measures are being taken to facilitate their subsequent settlement without undue delay.

## 10. TRADE PAYABLES

As at 30 September 2014 and 31 March 2014, the ageing analysis of the trade payables was as follows:

	<b>As at 30 September 2014 <i>HK\$'000</i> (unaudited)</b>	As at 31 March 2014 <i>HK\$'000</i> (audited)
0 to 90 days	<b>4,500</b>	4,820

## 11. EVENT AFTER THE REPORTING PERIOD

As disclosed in the announcement of the Company dated 13 November 2014, Zhong Nan Investments Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (the “Agreement”) dated 13 November 2014 in relation to an acquisition of 80% of the entire issued share capital (the “Acquisition”) of Golden Vault Limited (“Golden Vault”) from an independent third party (the “Vendor”). Golden Vault indirectly holds a wholly-owned subsidiary established in the PRC, an entity which is principally engaged in media advertising business and is one of the community media promotion operators in Changshu, the PRC. The total consideration for the Acquisition is HK\$110,000,000, which shall be satisfied by promissory notes in the total principal sum of HK\$110,000,000 (subject to adjustments) issued by the Company to the Vendor pursuant to the Agreement. Completion took place upon the signing of the Agreement on 13 November 2014, upon which Golden Vault becomes indirectly-held non-wholly owned subsidiary of the Company.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **INTERIM DIVIDEND**

The Board does not declare the payment of an interim dividend for the six months ended 30 September 2014 (six months ended 30 September 2013: Nil).

### **BUSINESS REVIEW**

The Group's services are broadly categorised into two main sectors: (i) asset advisory services and asset appraisal; and (ii) corporate services and consultancy.

Asset advisory services and asset appraisal are the core business of the Group, which typically involves provision of independent valuation services to a number of listed groups to meet market, regulatory and fiduciary requirements, sourcing and identifying potential investment opportunities or investors, undertaking due diligence and evaluation on the underlying assets and provision of procedural and strategic business advices. Asset advisory services income is primarily success-based and project-based nature.

The corporate services and consultancy segment mainly focuses on provision of advice to corporations in areas such as corporate governance, internal control, enterprise risk management and other operational aspects as well as provision of back office administration.

According to our past experience, revenue from asset advisory and corporate consultancy services would have a longer collection period. As at 30 September 2014, the trade receivables from asset advisory and corporate consultancy services aged over 180 days amounted to approximately HK\$76,837,000 (31 March 2014: HK\$67,634,000). The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the Directors with actions taken, where necessary, to facilitate subsequent settlement without undue delay.

### **FINANCIAL REVIEW**

The Group's revenue for the six months ended 30 September 2014 was approximately HK\$16.9 million (six months ended 30 September 2013: HK\$34.7 million), representing a decrease of approximately 51.3% from that of 2013. The decrease in the Group's revenue during the period was mainly attributable to decrease in revenue from corporate services and consultancy segment resulted from certain of the Group's projects are still underway and have not been completed during the period.

The Group's cost of services for the six months ended 30 September 2014 was approximately HK\$10.0 million (six months ended 30 September 2013: HK\$11.9 million), representing a decrease of approximately 16.0% from that of 2013. The decrease was mainly due to decrease in subcontracting cost.

The Group's marketing, administrative and other operating expenses for the six months ended 30 September 2014 was approximately HK\$20.6 million (six months ended 30 September 2013: HK\$20.2 million), representing an increase of approximately 2.0% from that of 2013. The increase was mainly due to the Group's further business expansion, by setting up new offices, in overseas market, more operating expenses incurred for the period.

Accordingly, the loss attributable to owners of the Company for the six months ended 30 September 2014 was approximately HK\$11.1 million (six months ended 30 September 2013: profit of approximately HK\$4.0 million).

## **PROSPECT**

Looking ahead, the momentum for European and US economic recovery is yet to be restored and the PRC also reported a lower Gross Domestic Product growth than before; implying challenges to our business. Although our revenue growth from asset advisory and corporate consultancy services are slow down as compared with previous years due to lack of optimism in the global economy and the volatile financial and capital market, we remain cautiously optimistic with respect to the steady demand for professional commercial services in the PRC, Taiwan, Hong Kong and Macau (together, the "Greater China"). As companies in Greater China, especially in the PRC, grow in corporate size and operational complexity and geographical diversification, the need for a leading professional advisor on asset value, procedures and regulations, as well as investment matching is expected to remain there. Based on our existing competitive advantages and market position in our core business segments, the continuing increase in and diversification of our client base and income source through horizontal acquisitions, our experienced professional teams and provision of convenient one-stop professional services, we are confident to address such challenges. Furthermore, based on our recent and proposed business acquisitions, we believe our client base and income source would be further diversified and increased. We will continue to capture market opportunities and enhance the quality and scope of our services in order to deliver sustainable growth in returns to our shareholders.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

As disclosed in the announcement of the Company dated 8 September 2014, the Group has entered into a non-legally binding memorandum of understanding with an independent third party for a potential acquisition of a company which has a directly wholly-owned subsidiary licensed to carrying out type 1 (dealing in securities) regulated activity (as defined by the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)). As at the date of this announcement, the Group is still in course of carrying the due diligence review and assessing this investment.

With the financial resources on hand, the Group will continue to actively seek for investment and business opportunities in relation to companies engaged in the financial services industry in Hong Kong, with a view to increase its profitability and ultimately maximise the return to the shareholders of the Company.

## **MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES**

On 28 August 2014, the Group completed the acquisition of 30% equity interests in Boxin Holdings Limited (“Boxin Holdings”), which holds the entire equity interests in a Hong Kong incorporated company, Boxin Bullion Company Limited (“Boxin Bullion”). Boxin Bullion holds a licence granted by The Chinese Gold and Silver Exchange Society for the operation of its business of trading and exchange of gold and/or silver and has been providing consultancy or agency services in Hong Kong. The consideration was settled by the allotment and issuance of 100,000,000 ordinary shares of the Company on the date of completion.

Save as disclosed above, the Group had no material acquisition or disposal of subsidiaries and affiliated companies during the six months ended 30 September 2014.

## **CAPITAL STRUCTURE**

As at 30 September 2014, the Group’s operations were mainly financed by the shareholders’ equity.

On 25 August 2014, the Company completed an open offer and issued 252,320,000 offer shares at a subscription price of HK\$0.2 per offer share on the basis of one offer share for every two existing shares held on the record date. The net proceeds from the open offer, after deducting the underwriting commission and other related expenses, were approximately HK\$48.7 million. The Company intended to apply (i) approximately 10% of the net proceeds for the development of its existing business; (ii) approximately 80% of the net proceeds for investment opportunities as may be identified from time to time; and (iii) approximately 10% of the net proceeds for general working capital of the Group. As at 30 September 2014, HK\$5 million of the net proceeds has been used as a refundable deposit in relation to a proposed acquisition, details of which are set out in the announcement of the Company dated 8 September 2014; approximately HK\$1 million of the net proceeds has been used for general working capital of the Group; and the rest has been placed in bank and reserved for future potential investment opportunities of the Group.

On 2 September 2014, the Company issued 100,000,000 consideration shares at an issue price of HK\$0.39 per share for the acquisition of Boxin Holdings. For details, please refer to the section headed “Material acquisition or disposal of subsidiaries and affiliated companies” above.

Total equity attributable to owners of the Company amounted to approximately HK\$255.2 million as at 30 September 2014 (31 March 2014: approximately HK\$147.9 million). The increase was mainly due to the issue of new shares resulted from the open offer and the acquisition of Boxin Holdings during the six months ended 30 September 2014.

## **FOREIGN CURRENCY RISK**

The majority of the Group’s businesses is in Hong Kong and is denominated in Hong Kong dollars, Renminbi, and United States dollars. The Group is of the opinion that its exposure to foreign exchange rate risk is limited. The Group currently does not have a foreign currency hedging policy. However, the management monitors closely foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 September 2014, the Group had bank and cash balances of approximately HK\$43.5 million (31 March 2014: HK\$4.0 million). As at 30 September 2014, the Group had net current assets of approximately HK\$182.7 million (31 March 2014: HK\$144.0 million). Current ratio as at 30 September 2014 was 16.2 (31 March 2014: 13.6).

The Group's operations and investments are financed principally by revenue generated from business operations, available bank balances and the net proceeds from the issue of new shares by way of the open offer completed during the period. As at 30 September 2014, the Group had no borrowing and a zero gearing ratio (31 March 2014: Nil), which is defined as net debt (total borrowings net of cash and bank balances) over total equity, is resulted.

## **CAPITAL EXPENDITURE**

During the six months ended 30 September 2014, the Group invested approximately HK\$157,000 (six months ended 30 September 2013: HK\$76,000) for acquisition of plant and equipment.

## **CAPITAL COMMITMENTS**

As at 30 September 2014, the Group did not have any significant capital commitments.

## **HUMAN RESOURCES**

As at 30 September 2014, the Group employed 55 (31 March 2014: 61) full-time employees including management and administrative staff. The employees' remuneration, promotion and salary increments are assessed based on both individual's and Company's performance, professional and working experience and by reference to prevailing market practice and standards. The Group regards quality staff as one of the key factors to corporate success.

## **SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the rules set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for dealing in the securities of the Company by the Directors (the "Required Standard of Dealings"). The Company had made specific enquiry of the Director and all the Directors confirmed that they had complied with the Required Standard of Dealings during the six months ended 30 September 2014.

## **MANAGEMENT CONTRACTS**

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the six months ended 30 September 2014.

## COMPETING INTERESTS

None of the Directors or the controlling shareholders (as defined in the GEM Listing Rules) of the Company or their respective close associates (as defined in the GEM Listing Rules) had any interest in the business that competed or might compete with the business of the Group during the six months ended 30 September 2014.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company did not redeem any of its shares listed on GEM nor did the Company or any of its subsidiaries purchase or sell any of the Company's listed securities during the six months ended 30 September 2014.

## CORPORATE GOVERNANCE

During the six months ended 30 September 2014, the Company complied with the code provisions as set out in the Corporate Governance Code (the "CG Code") as contained in Appendix 15 to the GEM Listing Rules except for the following deviation:

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separated and should not be performed by the same individual. The Company does not at present have any officer with the title of chief executive officer (the "CEO") but instead the duties of a CEO are performed by Mr. Ip Kwok Kwong, the executive Director and the managing director of the Company, in the same capacity as the CEO of the Company.

## AUDIT COMMITTEE

The Group's unaudited condensed consolidated results for the six months ended 30 September 2014 have been reviewed by the audit committee of the Company, which was of the opinion that such results had been prepared in compliance with the applicable accounting standards and that adequate disclosures had been made.

By order of the Board  
**GreaterChina Professional Services Limited**  
**Ip Kwok Kwong**  
*Executive Director*

Hong Kong, 13 November 2014

*As at the date of this announcement, the Board comprises one executive director of the Company, namely Mr. Ip Kwok Kwong and three independent non-executive directors of the Company, namely Ms. Ng See Wai, Rowena, Mr. Tso Ping Cheong, Brian and Mr. Yip Chung Wai, David.*

*This announcement will remain on the "Latest Company Announcements" page of the website of GEM at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its posting and on the website of the Company at [www.gca.com.hk](http://www.gca.com.hk).*