

# 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 2015

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

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 the GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on the GEM, there is a risk that securities traded on the 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 the GEM.

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*This announcement, for which the directors of GreaterChina Professional Services Limited (the “Company” and the “Directors”, respectively) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM (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 (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 2015, together with the relevant unaudited/audited comparative figures, as follows.

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

For the three months and six months ended 30 September 2015

	Notes	Three months ended 30 September		Six months ended 30 September	
		2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
<b>Revenue</b>	3 & 4	<b>11,572</b>	8,798	<b>21,148</b>	16,926
Cost of sales		<b>(5,740)</b>	(5,001)	<b>(9,863)</b>	(10,035)
<b>Gross profit</b>		<b>5,832</b>	3,797	<b>11,285</b>	6,891
Other income	4	<b>613</b>	1,515	<b>1,242</b>	2,181
Marketing, administrative and other operating expenses		<b>(20,079)</b>	(10,622)	<b>(33,370)</b>	(20,088)
Finance costs	5	<b>(2,655)</b>	(1)	<b>(5,283)</b>	(3)
Share of results of associates		<b>1,073</b>	(84)	<b>1,805</b>	(84)
<b>Loss before tax</b>	6	<b>(15,216)</b>	(5,395)	<b>(24,321)</b>	(11,103)
Income tax expense	7	<b>(160)</b>	–	<b>(511)</b>	–
<b>Loss for the period</b>		<b>(15,376)</b>	(5,395)	<b>(24,832)</b>	(11,103)
<b>Other comprehensive (expense)/income, net of tax</b>					
<i>Items that may be subsequently reclassified to profit or loss:</i>					
Exchange differences arising on translating foreign operations		<b>(342)</b>	(5)	<b>(396)</b>	3
Change in fair value of available-for-sale financial assets		<b>(12,998)</b>	–	<b>(12,998)</b>	–
		<b>(13,340)</b>	(5)	<b>(13,394)</b>	3
<b>Total comprehensive expense for the period</b>		<b>(28,716)</b>	(5,400)	<b>(38,226)</b>	(11,100)

	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>30 September</b>		<b>30 September</b>	
	<b>2015</b>	2014	<b>2015</b>	2014
<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(unaudited)	<b>(unaudited)</b>	(unaudited)
<b>Loss for the period</b>				
<b>attributable to:</b>				
Owners of the Company	(15,491)	(5,395)	(25,148)	(11,103)
Non-controlling interests	<u>115</u>	<u>–</u>	<u>316</u>	<u>–</u>
	<u><b>(15,376)</b></u>	<u>(5,395)</u>	<u><b>(24,832)</b></u>	<u>(11,103)</u>
<b>Total comprehensive expenses</b>				
<b>for the period</b>				
<b>attributable to:</b>				
Owners of the Company	(28,764)	(5,400)	(38,464)	(11,100)
Non-controlling interests	<u>48</u>	<u>–</u>	<u>238</u>	<u>–</u>
	<u><b>(28,716)</b></u>	<u>(5,400)</u>	<u><b>(38,226)</b></u>	<u>(11,100)</u>
	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
<b>Loss per share</b>				
Basic and diluted	<u><b>(1.81)</b></u>	<u>(0.72)</u>	<u><b>(2.93)</b></u>	<u>(1.63)</u>

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# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2015

	<i>Notes</i>	<b>30 September 2015 HK\$'000 (unaudited)</b>	31 March 2015 HK\$'000 (audited)
<b>Non-current assets</b>			
Property, plant and equipment		1,825	2,427
Goodwill		111,711	111,711
Investments in associates and a joint venture		49,569	42,900
Available-for-sale financial assets		9,671	2,241
Derivative financial asset		2,802	2,802
Deposit paid for acquisition of an associate		325	325
		<u>175,903</u>	<u>162,406</u>
<b>Current assets</b>			
Trade receivables	10	20,170	20,382
Prepayments, deposits and other receivables		26,274	30,611
Financial assets at fair value through profit or loss		–	31,122
Derivative financial asset		185	185
Bank and cash balances		4,766	17,004
		<u>51,395</u>	<u>99,304</u>
<b>Current liabilities</b>			
Trade payables	11	2,321	3,579
Accruals and other payables		11,139	14,318
Amount due to a director		150	150
Amounts due to related parties		1,388	1,647
Bank borrowings		1,581	1,644
Current tax liabilities		3,588	4,066
		<u>20,167</u>	<u>25,404</u>
<b>Net current assets</b>		<u>31,228</u>	<u>73,900</u>
<b>Non-current liability</b>			
Promissory notes		<u>101,436</u>	<u>96,217</u>
<b>NET ASSETS</b>		<u>105,695</u>	<u>140,089</u>
<b>Capital and reserves</b>			
Share capital	12	8,580	8,580
Reserves		95,477	130,109
		<u>104,057</u>	<u>138,689</u>
Equity attributable to owners of the Company		104,057	138,689
Non-controlling interests		1,638	1,400
<b>TOTAL EQUITY</b>		<u>105,695</u>	<u>140,089</u>

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2015

	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/ (Accumulated loss) HK\$'000	Share-based payment reserve HK\$'000	Available-for-sale reserve HK\$'000	Sub-total HK\$'000	Non-controlling interest HK\$'000	Total equity HK\$'000
At 1 April 2015 (audited)	8,580	187,150	5,359	(69)	(62,459)	128	-	138,689	1,400	140,089
Total comprehensive expense for the period	-	-	-	(318)	(25,148)	-	(12,998)	(38,464)	238	(38,226)
Recognition of share-based payments	-	-	-	-	-	3,832	-	3,832	-	3,832
At 30 September 2015 (unaudited)	<u>8,580</u>	<u>187,150</u>	<u>5,359</u>	<u>(387)</u>	<u>(87,607)</u>	<u>3,960</u>	<u>(12,998)</u>	<u>104,057</u>	<u>1,638</u>	<u>105,695</u>
At 1 April 2014 (audited)	5,018	71,984	5,359	(52)	65,127	462	-	147,898	-	147,898
Total comprehensive expense for the period	-	-	-	3	(11,103)	-	-	(11,100)	-	(11,100)
Shares issued pursuant to exercise of share options	38	1,004	-	-	-	(330)	-	712	-	712
Recognition of share-based payments	-	-	-	-	-	9	-	9	-	9
Issue of shares upon open offer	2,523	47,941	-	-	-	-	-	50,464	-	50,464
Issue of consideration shares	1,000	68,000	-	-	-	-	-	69,000	-	69,000
Share issue expense	-	(1,796)	-	-	-	-	-	(1,796)	-	(1,796)
At 30 September 2014 (unaudited)	<u>8,579</u>	<u>187,133</u>	<u>5,359</u>	<u>(49)</u>	<u>54,024</u>	<u>141</u>	<u>-</u>	<u>255,187</u>	<u>-</u>	<u>255,187</u>

# NOTES TO THE UNAUDITED 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 ordinary shares of the Company of HK\$0.01 each (the “Shares”) are listed on the GEM. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the address of its principal place of business is Room 2703, 27th Floor, Shui On Centre, 6–8 Harbour Road, Wanchai, Hong Kong. The Company is an investment holding company.

The unaudited condensed consolidated financial statements have been reviewed by the audit committee of the Company (the “Audit Committee”). It was approved and authorised for issue by the Board on 13 November 2015.

## 2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements 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 the GEM Listing Rules.

The accounting policies and methods of computation used in preparing the unaudited condensed consolidated financial statements for the six months ended 30 September 2015 are the same as those followed in the preparation of the Group’s audited consolidated financial statements for the year ended 31 March 2015, except for the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”, which also include HKASs and Interpretations) issued by HKICPA that are adopted for the first time for the current accounting period of the Group. The adoption of these new and revised HKFRSs has had no material effect on the amounts reported in these unaudited condensed consolidated financial statements and/or disclosures set out in these unaudited condensed consolidated financial statements. The Group has not early adopted any new HKFRSs that have been issued but are not yet effective.

## 3. SEGMENT INFORMATION

The Group’s operating segments are identified on the basis of internal report about the components of the Group that are regularly received by the chief operating decision maker in order to allocate resources to segments and to assess their performance. The chief operating decision maker is the Directors.

The Group has four operating and reportable segments as follows:

— Asset advisory and asset appraisal

Provision of asset appraisal and asset advisory services, 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 (the “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, enterprise risk management services and management consultancy services

— Media advertising

Provision of media advertising business services through in-elevator poster frames network and liquid-crystal display displays network inside elevators or lift lobbies or middle to high-end residential community

— Financial services

Provision of financial credit services such as personal loans, commercial loans and mortgages to individuals and corporations, operation of trading and exchange of gold and/or silver and provision of consultancy or agency 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, fair value changes on financial assets at fair value through profit or loss and finance costs.

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

**Information about reportable segments for the six months ended 30 September 2015 and 2014 are as follows:**

	Asset advisory services and asset appraisal		Corporate services and consultancy		Media advertising		Financing services		Total	
	Six months ended		Six months ended		Six months ended		Six months ended		Six months ended	
	30	30	30	30	30	30	30	30	30	30
	September	September	September	September	September	September	September	September	September	September
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue from external customers	<u>15,969</u>	<u>14,492</u>	<u>1,179</u>	<u>2,434</u>	<u>3,409</u>	<u>-</u>	<u>591</u>	<u>-</u>	<u>21,148</u>	<u>16,926</u>
Intersegment revenue	<u>-</u>	<u>-</u>	<u>1,578</u>	<u>1,578</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,578</u>	<u>1,578</u>
Segment (loss)/profit before finance costs and income tax expense	<u>(1,842)</u>	<u>2,070</u>	<u>(7,612)</u>	<u>(2,421)</u>	<u>2,138</u>	<u>-</u>	<u>792</u>	<u>(84)</u>	<u>(6,524)</u>	<u>(435)</u>
Fair value (loss)/gain on financial assets at fair value through profit or loss									<u>(8,063)</u>	<u>533</u>
Unallocated corporate expenses, net									<u>(9,734)</u>	<u>(11,201)</u>
Loss before tax									<u>(24,321)</u>	<u>(11,103)</u>

#### 4. REVENUE AND OTHER INCOME

The Group's revenue and other income are as follows:

	Three months ended 30 September		Six months ended 30 September	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
<b>Revenue</b>				
Asset advisory and asset appraisal services income	9,353	7,064	15,969	14,492
Corporate services and consultancy income	473	1,734	1,179	2,434
Media advertising income	1,363	–	3,409	–
Loan interest income	383	–	591	–
	<u>11,572</u>	<u>8,798</u>	<u>21,148</u>	<u>16,926</u>
<b>Other income</b>				
Bank interest income	2	4	3	8
Reimbursement of out-of-pocket expenses	15	227	141	435
Sub-leasing income	459	455	918	909
Dividend income from financial asset at fair value through profit or loss	–	560	–	560
Others	137	269	180	269
	<u>613</u>	<u>1,515</u>	<u>1,242</u>	<u>2,181</u>

#### 5. FINANCE COSTS

	Three months ended 30 September		Six months ended 30 September	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Interest on bank borrowings	31	–	63	–
Interest on promissory notes	2,624	–	5,219	–
Others	–	1	1	3
	<u>2,655</u>	<u>1</u>	<u>5,283</u>	<u>3</u>

## 6. LOSS BEFORE TAX

The Group's loss before tax is stated after changing/(crediting) the following:

	Three months ended 30 September		Six months ended 30 September	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Depreciation	166	166	469	330
Staff costs, including directors' remuneration and share-based payments	11,858	8,282	18,683	16,486
Fair value loss/(gain) on financial assets at fair value through profit or loss	4,687	(533)	8,063	(533)
Operating lease changes	3,138	2,048	5,466	4,227

## 7. INCOME TAX EXPENSE

	Three months ended 30 September		Six months ended 30 September	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Current tax — Corporate Income Tax in the PRC	160	—	511	—

No income tax has been provided for Hong Kong as there is no estimated assessable profit derived from Hong Kong for the three months and six months ended 30 September 2015 and 2014.

Tax charges on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretation and practices in respect thereof. The Corporate Income Tax rate applicable to subsidiaries registered in the PRC as 25%.

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

## 8. DIVIDENDS

The Board does not declare the payment of an interim dividend for the six months ended 30 September 2015 (six months ended 30 September 2014: Nil).

## 9. LOSS PER SHARE

### Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the period attributable to owners of the Company for the three months and six months ended 30 September 2015 of approximately HK\$15,491,000 (2014: HK\$5,395,000) and HK\$25,148,000, respectively (2014: HK\$11,103,000) and the weighted average number of ordinary shares for the three months and six months ended 30 September 2015 of 857,968,600 (three months and six months ended 30 September 2014: 745,320,971 and 681,815,296, respectively) in issue.

### Diluted loss per share

Diluted loss per share attributable to owners of the Company for the three months and six months ended 30 September 2015 is the same as the respective basic loss per share because all potential dilutive ordinary shares would decrease the loss per share, therefore, is anti-dilutive.

## 10. TRADE RECEIVABLES

The Group's trading terms with customers are mainly on credit. The credit terms generally range from 7 to 30 days. For new customers, payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables in order to minimise credit risk. Over due balances are reviewed regularly by the senior management.

The aging analysis of the trade receivables, based on the invoice date, and net of allowance, is as follows:

	As at 30 September 2015 <i>HK\$'000</i> (unaudited)	As at 31 March 2015 <i>HK\$'000</i> (audited)
0 to 30 days	2,770	8,144
31 to 90 days	2,728	3,659
91 to 180 days	8,335	2,926
181 to 365 days	2,787	1,573
Over 365 days	3,550	4,080
Total	<u>20,170</u>	<u>20,382</u>

## 11. TRADE PAYABLES

The aging analysis of the trade payables is as follows:

	As at 30 September 2015 <i>HK\$'000</i> (unaudited)	As at 31 March 2015 <i>HK\$'000</i> (audited)
0 to 90 days	<u>2,321</u>	<u>3,579</u>

## 12. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each		
At 1 April 2014, 31 March 2015, 1 April 2015	2,000,000	20,000
Increase on 14 September 2015 ( <i>Note (a)</i> )	8,000,000	80,000
	<u>10,000,000</u>	<u>100,000</u>
At 30 September 2015	<u>10,000,000</u>	<u>100,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.01		
At 1 April 2014 (audited)	501,840	5,018
Issue of shares on exercise of share options ( <i>Note (b)</i> )	3,809	39
Issue of shares upon open offer ( <i>Note (c)</i> )	252,320	2,523
Issue of consideration shares for the acquisition of an associate ( <i>Note (d)</i> )	100,000	1,000
	<u>857,969</u>	<u>8,580</u>
At 31 March 2015 (audited) and 30 September 2015 (unaudited)	<u>857,969</u>	<u>8,580</u>

### Notes:

- (a) At an extraordinary general meeting of the Company held on 14 September 2015, the authorised share capital of the Company was increased from HK\$20,000,000 to HK\$100,000,000 by the creation of an additional 8,000,000,000 shares of HK\$0.01 each.
- (b) During the year ended 31 March 2015, 3,808,600 ordinary shares were issued at HK\$0.16 or HK\$0.2 per share, as a result of the exercise of share options of the Company.
- (c) On 25 August 2014, the Company completed the open offer in which 252,320,000 offer shares were issued on the basis of one offer shares for every two shares held by the qualifying shareholders after completion of the capital restructuring at the subscription price of HK\$0.2 per offer share with the par value of HK\$0.01 each. Accordingly, the Company's issued share capital was increased by approximately HK\$2,523,000 and its share premium account was increased by approximately HK\$47,941,000. The transaction costs related to the open offer was approximately HK\$1,796,000.
- (d) On 12 August 2014, the Company entered into the sales and purchase agreement pursuant to which the Company conditionally agreed to acquire the sales shares for a total consideration of HK\$39,000,000. The transaction was completed on 28 August 2014 and the premium on the issue of share, amounting to approximately HK\$68,000,000.

### 13. EVENTS AFTER THE REPORTING PERIOD

- (a) On 9 July 2015, the Company entered into: (i) a placing agreement with a placing agent (the “Placing Agent”) whereby the Placing Agent had conditionally agreed to place, on a fully underwritten basis, a total of not less than six places to subscribe for an aggregate of 2,600,000,000 new Shares at a price of HK\$0.10 each (the “Placing”); and (ii) a subscription agreement with a subscriber (the “Subscriber”) whereby the Subscriber had conditionally agreed to subscribe for and the Company had conditionally agreed to allot and issue 1,400,000,000 new Shares at a price of HK\$0.10 each (the “Subscription”).

On 15 October 2015, the Placing and the Subscription were completed, whereby an aggregate of 4,000,000,000 new Shares were allotted and issued by the Company pursuant to the terms and conditions of the placing agreement and subscription agreement. The net proceeds from the Placing and the Subscription (after deducting related placing commissions, professional fees and related expenses) are approximately HK\$395.1 million. Details of the Placing and the Subscription are disclosed in the announcements of the Company dated 10 July 2015, 14 September 2015, 30 September 2015, 15 October 2015 and the circular of the Company dated 27 August 2015.

- (b) On 22 July 2015, Zhong Nan Investments Limited (“Zhong Nan”), a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement in relation to an acquisition of additional 19% of the entire issued share capital (the “Acquisition”) of Boxin Holdings Limited (“Boxin Holdings”) from an independent third party (the “Vendor”). The total consideration for the Acquisition is HK\$34,000,000, which shall be satisfied by the Company issuing promissory notes to the Vendor at the date of completion. Completion of the Acquisition took place on 22 October 2015, and the Company’s shareholding to the issued share capital of Boxin Holdings increased from 30% to 49%. Details of the Acquisition are set out in the Company’s announcements dated 22 July 2015 and 22 October 2015.
- (c) As disclosed in the Company’s announcement dated 20 October 2015, on 20 October 2015, Zhong Nan entered into a new non-legally binding memorandum of understanding (the “MOU”) with an independent third party for a potential acquisition of not less than 30% and not more than 70% (the “Proposed Acquisition”) of the entire issued share capital of IAM Group Inc. (“IAM”). IAM has a directly wholly-owned subsidiary, an entity which is licensed to carrying out type 1 (dealing in securities) regulated activity (as defined by the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) (“SFO”).

Pursuant to the MOU, the parties shall negotiate in good faith towards the other in ensuring that a formal agreement in relation to the Proposed Acquisition, be entered into on or before the date falling six months from the date of the MOU. As at the date of this announcement, no formal agreement was entered into in connection with the Proposed Acquisition.

- (d) On 23 October 2015, an aggregate principal amount of HK\$90 million promissory notes together with accrued interest thereon were settled from the net proceeds from the Placing and the Subscription. Details of such redemption are set out in the Company’s announcement date 23 October 2015.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

The Group's business can be broadly categorised into four main sectors: (i) asset advisory services and asset appraisal, (ii) corporate services and consultancy, (iii) media advertising; and (iv) financing services.

#### **Asset Advisory Services and Asset Appraisal**

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.

#### **Corporate Services and Consultancy**

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.

#### **Media Advertising**

Alongside the Group's core business of provision of asset advisory services and asset appraisal, the Group commenced the media advertising business in the year ended 31 March 2015. A subsidiary of the Company is one of the community media promotion operators in Changshu, Jiangsu Province, the PRC. Media advertising income is generated mainly through its in-elevator poster frames network and liquid-crystal display displays network inside the elevators or lift lobbies of middle to high-end residential community.

#### **Financial Services**

The Group commenced the provision of financial services in the year ended 31 March 2015 upon its acquisitions of associates and subsidiaries carrying money lending business and gold trading business. The Group provides financial credit services such as personal loans and commercial loans to individuals and corporations through a subsidiary of the Company, which operate as a licensed money lender regulated under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). The Group also engaged in trading and exchange of gold and/or silver and provides consultancy or agency services in Hong Kong through a subsidiary of the Company, which holds a licence granted by The Chinese Gold and Silver Exchange Society for such operation.

## **FINANCIAL REVIEW**

The Group's revenue for the six months ended 30 September 2015 was approximately HK\$21.1 million (six months ended 30 September 2014: HK\$16.9 million), representing an increase of approximately 24.9% from that of 2014. The increase in the Group's revenue during the period was mainly due to the advertising income newly introduced to the Group since its commencement of media advertising business in November 2014.

The Group's cost of services for the six months ended 30 September 2015 was approximately HK\$9.9 million (six months ended 30 September 2014: HK\$10.0 million), representing a decrease of 1.0% from that of 2014.

The Group's marketing, administrative and other operating expenses for the six months ended 30 September 2015 was approximately HK\$33.4 million (six months ended 30 September 2014: HK\$20.1 million), representing an increase of approximately 66.2% from that of 2014. The increase was mainly attributable to the realised fair value loss on financial assets at fair value through profit or loss for listed securities in Hong Kong and the recognition of share-based payments arising from the grant of share options by the Company in August 2015.

The Group's finance costs for the six months ended 30 September 2015 amounted to approximately HK\$5.3 million (six months ended 30 September 2014: HK\$0.01 million). The significant increase was primarily due to the effective interest expense recognised on promissory notes issued by the Company in November 2014.

The loss for the period attributable to owners of the Company for the six months ended 30 September 2015 was approximately HK\$25.1 million (six months ended 30 September 2014: loss of HK\$11.1 million). The total comprehensive expense for the period attributable to owners of the Company for the six months ended 30 September 2015 amounted to approximately HK\$38.5 million (six months ended 30 September 2014: HK\$11.1 million). Save as the reasons mentioned above, the significant increase in the total comprehensive expense was also attributable to the unrealised fair value loss on available-for-sale financial assets for listed securities in Hong Kong of approximately HK\$13.0 million, being included in other comprehensive expense.

## **PROSPECT**

Looking ahead, the PRC continues to report a lower gross domestic product growth than before, implying challenges to our business. Although our revenue from asset advisory and corporate consultancy services are falling as compared with previous years due to the volatile financial and capital markets, 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, our experienced professional teams and provision of convenient one-stop professional services, we are confident to address such challenges.

Furthermore, based on our recent business acquisitions, with the expansion of our operations to the media advertising and financial businesses, we believe that our client base and income source would be further diversified and increased. With the financial resources on hand, we will continue to actively seek for investment and business opportunities in relation to companies engaged in the financial services industry in Hong Kong, in particular the money lending business and the securities brokerage business, with a view to achieve sustainable growth, increase profitability and ultimately maximise the return to our shareholders.

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

Save as disclosed in note 13 to the unaudited condensed consolidated financial statements and in the circular of the Company dated 27 August 2015, the Group did not have other plans for material investments and capital assets.

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

The Group had no material acquisition or disposal of subsidiaries and affiliated companies during the six months ended 30 September 2015.

## **SIGNIFICANT INVESTMENTS**

As at 30 September 2015, the Group did not hold any significant investments.

## **CHARGE ON GROUP ASSETS**

As at 30 September 2015, the Group did not have any charge on its assets.

## **CAPITAL STRUCTURE**

There was no change in the capital structure of the Group as at 30 September 2015 as compared with that as at 31 March 2015.

## **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 2015, the Group had cash and cash equivalents of approximately HK\$4.8 million (31 March 2015: approximately HK\$17.0 million). As at 30 September 2015, the Group had net current assets of approximately HK\$31.2 million (31 March 2015: approximately HK\$73.9 million). Current ratio as at 30 September 2015 was 2.5 (31 March 2015: 3.9).

As at 30 September 2015, the Group had total borrowings (comprising bank borrowings and promissory notes) of approximately HK\$103.0 million (31 March 2015: HK\$97.9 million) and a net gearing ratio of approximately 0.93 (31 March 2015: 0.58), which is defined as net debt (total borrowings net of cash and bank balances) over total equity, is resulted. The bank borrowings is denominated in Renminbi and carried average annual interest rate of 7% while the promissory notes is denominated in Hong Kong dollars and interest-bearing at 3% per annum.

## **CAPITAL COMMITMENTS**

As at 30 September 2015, the Group did not have any significant capital commitments.

## **CONTINGENT LIABILITIES**

The Group had no material contingent liabilities at 30 September 2015.

## **HUMAN RESOURCES**

As at 30 September 2015, the Group employed 60 (31 March 2015: 64) employees. Total staff costs (including Director's emoluments) for the six months ended 30 September 2015 were approximately HK\$18.7 million (six months ended 30 September 2014: HK\$16.5 million). Employees' remuneration, promotion and salary increments are assessed based on both individual's and Company's performance and individual's 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 a specific enquiry with the Directors and all the relevant Directors confirmed that they had complied with the Required Standard of Dealings during the six months ended 30 September 2015.

## **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 2015.

## **DIRECTORS' INTERESTS IN COMPETING BUSINESS**

To the best of the Directors' knowledge, none of the Directors, the controlling shareholders or substantial 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 may compete with the business of the Group during the six months ended 30 September 2015.

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

The Company did not redeem any of its Shares listed on the GEM nor did the Company or any of its subsidiaries purchase or sell any of such Shares during the six months ended 30 September 2015.

## **CORPORATE GOVERNANCE**

During the six months ended 30 September 2015, 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 E.1.2, chairman of the Board (the "Chairman") should attend the annual general meeting. The Chairman, Mr. Tso Ping Cheong, Brian was not able to attend the annual general meeting of the Company held on 2 September 2015 owing to other commitment. The executive Directors and a member of the audit committee, nomination committee and remuneration committee of the Company were present thereat to be available to answer any questions from the shareholders.

## **AUDIT COMMITTEE**

The Group's unaudited condensed consolidated financial statements for the six months ended 30 September 2015 and this announcement have been reviewed by the Audit Committee, which was of the opinion that such results had been prepared in compliance with the applicable accounting standards, the GEM Listing Rules and other applicable legal requirements, 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 2015

*As at the date of this announcement, the Board comprises Mr. Ip Kwok Kwong (Managing Director), Mr. Yip Chung Wai, David and Mr. Wu Di as executive Directors; Ms. Ma Lin as non-executive Director; Mr. Tso Ping Cheong, Brian (Chairman), Mr. Chu Siu Lun, Ivan and Mr. So Chung Shing as independent non-executive Directors.*

*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).*