

# 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)

## FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30 JUNE 2016

### 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 purposes only

The board of Directors (the “Board”) presents the unaudited condensed consolidated results of the Company and its subsidiaries (together, the “Group”) for the three months ended 30 June 2016 (the “Period”), together with the unaudited comparative figures for the corresponding period in 2015, as follows.

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

*For the three months ended 30 June 2016*

|  | <i>Notes</i> | <b>Three months ended 30 June</b> |                        |
|--|--------------|-----------------------------------|------------------------|
|  |              | <b>2016</b>                       | <b>2015</b>            |
|  |              | <b><i>HK\$'000</i></b>            | <b><i>HK\$'000</i></b> |
|  |              | <b>Unaudited</b>                  | <b>Unaudited</b>       |
| <b>Revenue</b>   | 3            | <b>12,436</b>                     | 9,576                  |
| Cost of sales  |              | <b>(5,664)</b>                    | (4,123)                |
|  |              | <hr/>                             | <hr/>                  |
| Gross profit   |              | <b>6,772</b>                      | 5,453                  |
| Other income   | 3            | <b>758</b>                        | 629                    |
| Marketing, administrative and other operating expenses               |              | <b>(31,078)</b>                   | (13,291)               |
| Finance costs  | 4            | <b>(1,348)</b>                    | (2,628)                |
| Share of results of associates                                       |              | <b>(738)</b>                      | 732                    |
|  |              | <hr/>                             | <hr/>                  |
| <b>Loss before tax</b>   | 5            | <b>(25,634)</b>                   | (9,105)                |
| Income tax credit/(expenses)   | 6            | <b>3,337</b>                      | (351)                  |
|  |              | <hr/>                             | <hr/>                  |
| <b>Loss for the period</b>   |              | <b>(22,297)</b>                   | (9,456)                |
| <b>Other comprehensive expenses for the period, net of tax:</b>      |              |                                   |                        |
| <i>Item that may be subsequently reclassified to profit or loss:</i> |              |                                   |                        |
| Exchange differences on translating foreign operations               |              | <b>(418)</b>                      | (54)                   |
|  |              | <hr/>                             | <hr/>                  |
| <b>Total comprehensive expenses for the period</b>                   |              | <b>(22,715)</b>                   | <b>(9,510)</b>         |
|  |              | <hr/> <hr/>                       | <hr/> <hr/>            |

|  |              | <b>Three months ended 30 June</b> |                       |
|--|--------------|-----------------------------------|-----------------------|
|  |              | <b>2016</b>                       | <b>2015</b>           |
|  | <i>Notes</i> | <b>HK\$'000</b>                   | <b>HK\$'000</b>       |
|  |              | <b>Unaudited</b>                  | <b>Unaudited</b>      |
| <b>Loss for the period attributable to:</b>                        |              |                                   |                       |
| Owners of the Company  |              | (22,316)                          | (9,657)               |
| Non-controlling interests  |              | <u>19</u>                         | <u>201</u>            |
|  |              | <u><b>(22,297)</b></u>            | <u><b>(9,456)</b></u> |
| <b>Total comprehensive expense for the period attributable to:</b> |              |                                   |                       |
| Owners of the Company  |              | (22,651)                          | (9,700)               |
| Non-controlling interests  |              | <u>(64)</u>                       | <u>190</u>            |
|  |              | <u><b>(22,715)</b></u>            | <u><b>(9,510)</b></u> |
| <b>Loss per share</b>  |              |                                   |                       |
| — Basic and diluted ( <i>HK cents</i> )                            | 8            | <u><b>(0.46)</b></u>              | <u><b>(1.13)</b></u>  |

Notes:

## 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 3 December 2010. 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. The address of its principal place of business is Room 2703, 27th Floor, Shui On Centre, 6–8 Harbour Road, Wan Chai, Hong Kong. The Company is an investment holding company.

## 2. BASIS OF PREPARATION

The Group’s unaudited condensed consolidated results for the Period have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations (hereinafter collectively referred to as the “HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), accounting principles generally accepted in Hong Kong and the applicable disclosures required by the GEM Listing Rules and the Hong Kong Companies Ordinance.

The accounting policies and methods of computation used in preparing the unaudited condensed consolidated results for the Period are the same as those followed in the preparation of the Group’s audited consolidated financial statements for the year ended 31 March 2016, except for the new and revised HKFRSs issued by the 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 results for the Period. The Group has not early adopted any new HKFRSs that have been issued but are not yet effective.

## 3. REVENUE AND OTHER INCOME

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

|   | Three months ended 30 June    |                               |
|---|-------------------------------|-------------------------------|
|   | 2016<br>HK\$’000<br>Unaudited | 2015<br>HK\$’000<br>Unaudited |
| <b>Revenue</b>                              |                               |                               |
| Asset advisory services and asset appraisal | 8,693                         | 6,616                         |
| Corporate services and consultancy          | 399                           | 706                           |
| Media advertising                           | 1,522                         | 2,046                         |
| Loan interest income                        | 1,822                         | 208                           |
|   | <u>12,436</u>                 | <u>9,576</u>                  |
| <b>Other income</b>                         |                               |                               |
| Bank interest income                        | 10                            | 1                             |
| Reimbursement of out-of-pocket expenses     | 97                            | 126                           |
| Sub-leasing income                          | 509                           | 459                           |
| Sundry income                               | 142                           | 43                            |
|   | <u>758</u>                    | <u>629</u>                    |

#### 4. FINANCE COSTS

|                              | Three months ended 30 June |              |
|------------------------------|----------------------------|--------------|
|                              | 2016                       | 2015         |
|                              | HK\$'000                   | HK\$'000     |
|                              | Unaudited                  | Unaudited    |
| Interest on bank borrowings  | 30                         | 32           |
| Interest on promissory notes | 1,318                      | 2,595        |
| Others                       | –                          | 1            |
|                              | <u>1,348</u>               | <u>2,628</u> |

#### 5. LOSS BEFORE TAX

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

|  | Three months ended 30 June |              |
|--|----------------------------|--------------|
|  | 2016                       | 2015         |
|  | HK\$'000                   | HK\$'000     |
|  | Unaudited                  | Unaudited    |
| Depreciation   | 198                        | 244          |
| Fair value loss on financial assets at fair value through profit or loss | 21,315                     | 3,376        |
|  | <u>21,315</u>              | <u>3,376</u> |

#### 6. INCOME TAX (CREDIT)/EXPENSES

|  | Three months ended 30 June |            |
|--|----------------------------|------------|
|  | 2016                       | 2015       |
|  | HK\$'000                   | HK\$'000   |
|  | Unaudited                  | Unaudited  |
| Current tax — Hong Kong Profits Tax  |                            |            |
| Provision for the period   | 141                        | –          |
| Over-provision in prior years  | (22)                       | –          |
|  | <u>119</u>                 | <u>–</u>   |
| Current tax — Enterprise Income Tax in the<br>People's Republic of China (the "PRC") |                            |            |
| Provision for the period   | 78                         | 351        |
| Deferred tax   | (3,534)                    | –          |
|  | <u>(3,337)</u>             | <u>351</u> |

Hong Kong Profits Tax has been provided at a rate of 16.5% on the estimated assessable profit for the Period. No income tax had been provided for Hong Kong as there was no estimated assessable profit derived from Hong Kong for the three months ended 30 June 2015.

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 is 25%.

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

## 7. DIVIDEND

The Board does not declare the payment of a dividend for the Period (three months ended 30 June 2015: Nil).

## 8. LOSS PER SHARE

### Basic loss per share

The calculation of basic loss per share is based on the loss for the period attributable to owners of the Company of approximately HK\$22,316,000 (2015: HK\$9,657,000) and the weighted average number of Shares of 4,857,968,600 (2015: 857,968,600) in issue during the Period.

### Diluted loss per share

Diluted loss per share for the three months ended 30 June 2016 and 2015 are the same as the respective basic loss per share because all potential dilutive Shares would decrease the loss per share and, therefore, is anti-dilutive.

## 9. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

|   | Attributable to owners of the Company |                           |                             |  |                              |   |                       |                                       | Total equity<br>HK\$'000 |
|---|---------------------------------------|---------------------------|-----------------------------|--|------------------------------|---|-----------------------|---------------------------------------|--------------------------|
|   | Share capital<br>HK\$'000             | Share premium<br>HK\$'000 | Capital reserve<br>HK\$'000 | Foreign currency translation reserve<br>HK\$'000 | Accumulated loss<br>HK\$'000 | Share-based payment reserve<br>HK\$'000 | Sub-total<br>HK\$'000 | Non-controlling interests<br>HK\$'000 |                          |
| At 1 April 2016 (Audited)                     | 48,580                                | 542,908                   | 5,359                       | (358)  | (44,570)                     | 4,032                                   | 555,951               | 6,750                                 | 562,701                  |
| Total comprehensive expenses for the period   | -                                     | -                         | -                           | (335)  | (22,316)                     | -                                       | (22,651)              | (64)                                  | (22,715)                 |
| Recognition of share-based payments           | -                                     | -                         | -                           | -  | -                            | 36                                      | 36                    | -                                     | 36                       |
| Effect of forfeiture of share options granted | -                                     | -                         | -                           | -  | 44                           | (44)                                    | -                     | -                                     | -                        |
| <b>At 30 June 2016 (Unaudited)</b>            | <b>48,580</b>                         | <b>542,908</b>            | <b>5,359</b>                | <b>(693)</b>                                     | <b>(66,842)</b>              | <b>4,024</b>                            | <b>533,336</b>        | <b>6,686</b>                          | <b>540,022</b>           |
| At 1 April 2015 (Audited)                     | 8,580                                 | 187,150                   | 5,359                       | (69)   | (62,459)                     | 128                                     | 138,689               | 1,400                                 | 140,089                  |
| Total comprehensive expenses for the period   | -                                     | -                         | -                           | (43)   | (9,657)                      | -                                       | (9,700)               | 190                                   | (9,510)                  |
| <b>At 30 June 2015 (Unaudited)</b>            | <b>8,580</b>                          | <b>187,150</b>            | <b>5,359</b>                | <b>(112)</b>                                     | <b>(72,116)</b>              | <b>128</b>                              | <b>128,989</b>        | <b>1,590</b>                          | <b>130,579</b>           |

## **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) financial 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 late 2014, which involves the provision of media advertising services to the residential community located in 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 during the year ended 31 March 2015 upon its acquisitions of an associate and a subsidiary carrying on money lending business and gold trading business. The money lending business mainly involves provision of financial credit services such as personal loans and commercial loans to individuals and corporations while the gold trading business mainly comprises trading and exchange of gold and/or silver and provision of consultancy or agency services in Hong Kong.

## **FINANCIAL REVIEW**

The Group's revenue for the Period was approximately HK\$12.4 million (three months ended 30 June 2015: HK\$9.6 million), representing an increase of approximately 29.2% from that of the corresponding period of 2015. The increase in the Group's revenue during the Period was mainly attributable to (i) the increase in revenue generated from the provision of asset advisory services and asset appraisal due to more advisory projects undertaken during the Period and (ii) the increase in loan interest income as a result of the Group's expanded loan portfolio.

The Group's cost of sales for the Period was approximately HK\$5.7 million (three months ended 30 June 2015: HK\$4.1 million), representing an increase of approximately 39.0% from that of the corresponding period of 2015. The increase in cost of sales was in line with the increase in the Group's revenue.

The Group's marketing, administrative and other operating expenses for the Period were approximately HK\$31.1 million (three months ended 30 June 2015: HK\$13.3 million), representing an increase of approximately 133.8% from those of the corresponding period of 2015. The increase was mainly due to unrealised fair value loss on financial assets at fair value through profit or loss of approximately HK\$21.3 million recognised during the Period for listed securities in Hong Kong.

The Group's finance costs for the Period amounted to approximately HK\$1.3 million (three months ended 30 June 2015: HK\$2.6 million), representing a decrease of about 50.0% from that of the corresponding period of 2015. It was attributable to the decrease in effective interest expenses recognised on promissory notes issued by the Company due to early redemption of certain promissory notes by the Company in October 2015.

Accordingly, the loss attributable to owners of the Company for the Period was approximately HK\$22.3 million (three months ended 30 June 2015: loss of HK\$9.7 million).

## **CAPITAL STRUCTURE**

There was no change in the capital structure of the Group as at 30 June 2016 as compared with that as at 31 March 2016.

## **REVIEW ON PROVISION OF FINANCIAL ASSISTANCE**

On 16 November 2015, the Group granted a loan facility of HK\$13.0 million at an interest rate of 4.5% per annum for a term of 12 months to a customer, an independent third party which executed a share charge in favour of the Group to charge 10,000,000 shares of a company listed on the GEM to the Group as security in connection with the loan. As at 30 June 2016, HK\$13.0 million has been drawn and the Group's aggregate amount of loan and interest receivable amounted to approximately HK\$13.4 million in relation to the aforementioned loan. For further details, please refer to the Company's announcement dated 17 November 2015.



## **OUTLOOK**

Although the revenue from asset advisory and corporate consultancy services are falling as compared with previous years due to a lack of optimism in the global economy and the volatile financial and capital market, the Group remains cautiously optimistic about 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 the Group’s existing competitive advantages and market position in the core business segments, experienced professional teams and provision of convenient one-stop professional services, the Group is confident to address such challenges.

Furthermore, the Group has recently completed a few business acquisitions. With the expansion of its operations to the media advertising and financial businesses, the Group believes that its client base and income source would be further diversified and increased. With the financial resources on hand, the Group will continue to actively seek investment and business opportunities in relation to companies engaged in the financial services industry in Hong Kong, in particular the money lending business and securities brokerage business, with a view to achieving a sustainable growth, increasing profitability and ultimately maximising the return to the shareholders of the Company.

As disclosed in the Company’s announcement dated 9 December 2015, Zhong Nan Investments Limited, a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement in relation to its acquisition of 95% of the entire issued share capital of IAM Group Inc. (“IAM” and the “Acquisition”, respectively). IAM has a directly wholly-owned subsidiary which is licensed to carry out type 1 (dealing in securities) regulated activity (as defined by the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”). The total consideration of the Acquisition is HK\$80.8 million, which is mainly financed by the net proceeds from the placing and subscription of new Shares completed in October 2015. As at the date of this announcement, the Acquisition has not yet been completed.

## **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 Directors confirmed that they had complied with the Required Standard of Dealings during the Period.

## **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 Period.

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

None of the Directors or the 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 Period.

## **PURCHASE, REDEMPTION OR SALE 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 Period.

## **CORPORATE GOVERNANCE**

The Company has complied with the code provisions as set out in the Corporate Governance Code as contained in Appendix 15 to the GEM Listing Rules during the Period.

## **AUDIT COMMITTEE**

The Group's unaudited condensed consolidated results for the Period and this announcement 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, 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, 12 August 2016

*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; and 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 its day of publication and on the website of the Company at [www.gca.com.hk](http://www.gca.com.hk).*