

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)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER 2015

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

The 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.

* For identification purpose 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 and nine months ended 31 December 2015, together with the unaudited comparative figures for the corresponding periods in 2014, as follows.

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

For the three months and nine months ended 31 December 2015

	<i>Notes</i>	Three months ended 31 December		Nine months ended 31 December	
		2015	2014	2015	2014
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		Unaudited	Unaudited	Unaudited	Unaudited
Revenue	3	16,474	10,340	37,622	27,266
Cost of sales		(4,907)	(5,402)	(14,770)	(15,437)
Gross profit		11,567	4,938	22,852	11,829
Other income	3	899	1,108	2,141	3,289
Marketing, administrative and other operating expenses		(17,616)	(36,789)	(50,986)	(56,877)
Finance costs	4	(1,037)	(32)	(6,320)	(35)
Share of results of associates		231	673	2,036	589
Loss before tax	5	(5,956)	(30,102)	(30,277)	(41,205)
Income tax expense	6	(1,739)	(426)	(2,250)	(426)
Loss for the period		(7,695)	(30,528)	(32,527)	(41,631)
Other comprehensive income/ (expense), net of tax					
<i>Items that may be subsequently reclassified to profit or loss:</i>					
Exchange differences arising on translating foreign operations		(239)	4	(635)	(10)
Change in fair value of available-for- sale financial assets		71,825	–	58,827	–
Total comprehensive income/ (expense) for the period		63,891	(30,524)	25,665	(41,641)

	Three months ended		Nine months ended	
	31 December		31 December	
	2015	2014	2015	2014
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Unaudited	Unaudited	Unaudited
Loss for the period attributable to:				
Owners of the Company	(8,735)	(30,528)	(33,883)	(41,631)
Non-controlling interests	1,040	–	1,356	–
	<u>(7,695)</u>	<u>(30,528)</u>	<u>(32,527)</u>	<u>(41,631)</u>
Total comprehensive income/ (expense) for the period attributable to:				
Owners of the Company	62,898	(30,524)	24,434	(41,641)
Non-controlling interests	993	–	1,231	–
	<u>63,891</u>	<u>(30,524)</u>	<u>25,665</u>	<u>(41,641)</u>
	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
Loss per share				
Basic and diluted	(0.21)	(3.56)	(1.70)	(5.34)
	<u>(0.21)</u>	<u>(3.56)</u>	<u>(1.70)</u>	<u>(5.34)</u>

Notes:

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, Wan Chai, Hong Kong. The Company is an investment holding company.

2. BASIS OF PREPARATION

The Group’s unaudited condensed consolidated results for the three months and nine months ended 31 December 2015 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 (“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 three months and nine months ended 31 December 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 HKFRSs 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 results. 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		Nine months ended	
	31 December		31 December	
	2015	2014	2015	2014
	HK\$’000	HK\$’000	HK\$’000	HK\$’000
	Unaudited	Unaudited	Unaudited	Unaudited
Revenue				
Asset advisory and asset appraisal services income	7,204	6,891	23,173	21,383
Corporate services and consultancy income	796	1,241	1,975	3,675
Media advertising income	7,665	2,208	11,074	2,208
Loan interest income	809	–	1,400	–
	<u>16,474</u>	<u>10,340</u>	<u>37,622</u>	<u>27,266</u>

	Three months ended		Nine months ended	
	31 December		31 December	
	2015	2014	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Unaudited	Unaudited	Unaudited
Other income				
Bank interest income	18	2	21	10
Reimbursement of out-of-pocket expenses	206	161	347	597
Sub-leasing income	460	775	1,378	1,684
Dividend income from listed investments	33	170	33	730
Others	182	–	362	268
	<u>899</u>	<u>1,108</u>	<u>2,141</u>	<u>3,289</u>

4. FINANCE COSTS

	Three months ended		Nine months ended	
	31 December		31 December	
	2015	2014	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Unaudited	Unaudited	Unaudited
Interest on bank borrowing	30	–	93	–
Interest on promissory notes	1,002	–	6,221	–
Others	5	32	6	35
	<u>1,037</u>	<u>32</u>	<u>6,320</u>	<u>35</u>

5. LOSS BEFORE TAX

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

	Three months ended		Nine months ended	
	31 December		31 December	
	2015	2014	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Unaudited	Unaudited	Unaudited
Depreciation	183	181	652	511
Loss on early redemption of promissory notes	9,026	–	9,026	–
Fair value loss on financial assets at fair value through profit or loss	–	871	8,063	338
Impairment loss on trade receivables	–	20,615	–	20,615
Impairment loss on amount due from a joint venture	–	4,080	–	4,080
	<u>–</u>	<u>4,080</u>	<u>–</u>	<u>4,080</u>

6. INCOME TAX EXPENSE

	Three months ended 31 December		Nine months ended 31 December	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	Unaudited	Unaudited	Unaudited	Unaudited
Current tax:				
— Corporate Income Tax in the People's Republic of China (the "PRC")	1,739	443	2,250	443
Overprovision in prior years:				
— Hong Kong Profits Tax	—	(17)	—	(17)
	<u>1,739</u>	<u>426</u>	<u>2,250</u>	<u>426</u>

No income tax has been provided for Hong Kong as there was no estimated assessable profit derived from Hong Kong for the three months and nine months ended 31 December 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 was 25%.

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

7. DIVIDENDS

The Board has not declared the payment of a dividend for the nine months ended 31 December 2015 (nine months ended 31 December 2014: Nil).

8. 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 nine months ended 31 December 2015 of approximately HK\$8,735,000 (2014: HK\$30,528,000) and HK\$33,883,000 (2014: HK\$41,631,000), respectively and the weighted average number of Shares for the three months and nine months ended 31 December 2015 of approximately 4,249,272,948 (2014: 857,958,172) and 1,992,514,055 (2014: 779,527,220), respectively in issue.

Diluted loss per share

Diluted loss per share attributable to owners of the Company for the three months and nine months ended 31 December 2015 is 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									
	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 income for the period	-	-	-	(510)	(33,883)	-	58,827	24,434	1,231	25,665
Recognition of share-based payments	-	-	-	-	-	3,868	-	3,868	-	3,868
Issue of shares on placing and subscription	40,000	360,000	-	-	-	-	-	400,000	-	400,000
Share issue expense	-	(4,242)	-	-	-	-	-	(4,242)	-	(4,242)
At 31 December 2015 (unaudited)	48,580	542,908	5,359	(579)	(96,342)	3,996	58,827	562,749	2,631	565,380
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	-	-	-	(10)	(41,631)	-	-	(41,641)	-	(41,641)
Shares issued pursuant to exercise of share options	39	1,021	-	-	-	(336)	-	724	-	724
Recognition of share-based payments	-	-	-	-	-	11	-	11	-	11
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)
Effect of forfeiture of share options granted	-	-	-	-	5	(5)	-	-	-	-
At 31 December 2014 (unaudited)	8,580	187,150	5,359	(62)	23,501	132	-	224,660	-	224,660

10. EVENTS AFTER THE REPORTING PERIOD

As disclosed in the announcement of the Company dated 20 January 2016, on 20 January 2016, New Valiant Limited (“New Valiant”), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (the “Agreement”) in relation to the disposal of 19.9% of the entire issued share capital of Greater China Appraisal Limited (“Appraisal”), a wholly-owned subsidiary of New Valiant, to an independent third party, at a consideration of HK\$25,000,000. Completion took place upon signing of the Agreement on 20 January 2016.

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 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 communities.

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 engages in trading and exchange of gold and/or silver and provides consultancy or agency services in Hong Kong through an associate 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 nine months ended 31 December 2015 was approximately HK\$37.6 million (nine months ended 31 December 2014: approximately HK\$27.3 million), representing an increase of approximately 37.7% from that of 2014. The increase in the Group's revenue was mainly attributable to the advertising income newly contributed to the Group since its acquisition of media advertising business in November 2014.

The Group's cost of sales for the nine months ended 31 December 2015 was approximately HK\$14.8 million (nine months ended 31 December 2014: approximately HK\$15.4 million), representing a decrease of approximately 3.9% from that of 2014.

The Group's marketing, administrative and other operating expenses for the nine months ended 31 December 2015 were approximately HK\$51.0 million (nine months ended 31 December 2014: approximately HK\$56.9 million), representing a decrease of approximately 10.4% from those of 2014. The decrease was mainly attributable to the absence of the impairment loss on trade receivables and amount due from a joint venture recognised in the corresponding period of last year of approximately HK\$24.7 million, offset by the realised fair value loss on financial assets at fair value through profit or loss for listed securities in Hong Kong of approximately HK\$8.1 million and the loss on early redemption of promissory notes of approximately HK\$9.0 million recognised in current period.

The Group's finance costs for the nine months ended 31 December 2015 amounted to approximately HK\$6.3 million (nine months ended 31 December 2014: approximately HK\$0.04 million). The significant increase was primarily due to the effective interest expense recognised on promissory notes issued by the Company.

Accordingly, the loss attributable to owners of the Company for the nine months ended 31 December 2015 was approximately HK\$33.9 million (nine months ended 31 December 2014: loss of HK\$41.6 million).

The total comprehensive income attributable to owners of the Company for the nine months ended 31 December 2015 amounted to approximately HK\$24.4 million (nine months ended 31 December 2014: total comprehensive expense of approximately HK\$41.6 million). The total comprehensive income for the period was mainly attributable to the unrealised fair value gain on available-for-sale financial assets for listed securities in Hong Kong of approximately HK\$58.8 million recognised and included in the other comprehensive income of current period.

CAPITAL STRUCTURE

On 15 October 2015, an aggregate of 2,600,000,000 Shares were successfully placed to not less than six placees at a price of HK\$0.10 each (the "Placing") and an aggregate of 1,400,000,000 Shares were allotted and issued to Laberie Holdings Limited, an independent third party of the Company, at a price of HK\$0.10 each (the "Subscription"). The net proceeds from the Placing and the Subscription (after deducting related placing commissions, professional fees and related expenses) were approximately HK\$395.1 million and were applied following the intended use as stated in the circular of the Company dated 27 August 2015. Details of the Placing and the Subscription were disclosed in the Company's announcements dated 10 July 2015, 14 September 2015, 30 September 2015 and 15 October 2015, respectively and the Company's circular dated 27 August 2015.

On 13 November 2014, the Company issued promissory notes in an aggregate principal amount of HK\$110.0 million (“2014 PN”) for the acquisition of a 80% equity interest in Golden Vault Limited. On 23 October 2015, an aggregate principal amount of HK\$90.0 million of the 2014 PN together with accrued interest thereon were early redeemed by the Company, and settled from the net proceeds from the Placing and the Subscription. Details of such redemption are set out in the Company’s announcement dated 23 October 2015.

On 22 October 2015, the Company issued promissory notes in an aggregate principal amount of HK\$34.0 million for the acquisition of additional 19% of the entire issued share capital of Boxin Holdings Limited from an independent third party for a consideration of HK\$34.0 million, details of which are set out in the Company’s announcements dated 22 July 2015 and 22 October 2015, respectively.

REVIEW ON PROVISION OF FINANCIAL ASSISTANCE AND ADVANCE TO ENTITY

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 period of 12 months to an independent third party, which executed share charge document in favour of the Group to charge 10 million shares in a company listed on the GEM to the Group as security in connection with the loan. As at 31 December 2015, the Group’s aggregate amount of loan and interest receivable amounted to approximately HK\$13.1 million in relation to the aforementioned loan. Further details are set out in the Company’s announcement dated 17 November 2015.

PROSPECT

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, the 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 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 securities brokerage business, with a view to achieve a sustainable growth, increase profitability and ultimately maximise 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 (the "Acquisition") of IAM Group Inc. ("IAM"). IAM has a directly wholly-owned subsidiary, an entity 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\$80,750,000, which is mainly financed by the net proceeds from the Placing and the Subscription. As at the date of this announcement, the Acquisition has not yet been completed.

DIRECTORS' INTERESTS IN COMPETING INTERESTS

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 might compete with the business of the Group during the nine months ended 31 December 2015.

PURCHASE, SALE OR REDEMPTION OF 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 nine months ended 31 December 2015.

AUDIT COMMITTEE

The Group's unaudited condensed consolidated results for the nine months ended 31 December 2015 and this announcement have been reviewed by the audit committee of the Company, which was of the opinion that such results and announcement 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, 5 February 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; 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 for at least 7 days from its day of publication and on the website of the Company at www.gca.com.hk.