

# 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 2016

### 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.

*Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*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 and nine months ended 31 December 2016, together with the unaudited comparative figures for the corresponding periods in 2015, as follows.

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

*For the three months and nine months ended 31 December 2016*

	Notes	Three months ended 31 December		Nine months ended 31 December	
		2016 HK\$'000 Unaudited	2015 HK\$'000 Unaudited	2016 HK\$'000 Unaudited	2015 HK\$'000 Unaudited
<b>Revenue</b>	3	<b>21,216</b>	16,474	<b>45,124</b>	37,622
Cost of sales		<b>(6,091)</b>	(4,907)	<b>(17,124)</b>	(14,770)
<b>Gross profit</b>		<b>15,125</b>	11,567	<b>28,000</b>	22,852
Other income	3	<b>2,673</b>	72,724	<b>4,348</b>	52,905
Marketing, administrative and other operating expenses		<b>(46,176)</b>	(17,616)	<b>(95,015)</b>	(42,923)
Reversal of impairment loss on loan receivables		<b>400</b>	–	<b>700</b>	–
Finance costs	4	<b>(1,402)</b>	(1,037)	<b>(4,125)</b>	(6,320)
Share of results of associates		<b>(283)</b>	231	<b>(1,438)</b>	2,036
<b>(Loss)/profit before tax</b>	5	<b>(29,663)</b>	65,869	<b>(67,530)</b>	28,550
Income tax credit/(expense)	6	<b>2,855</b>	(1,739)	<b>6,697</b>	(2,250)
<b>(Loss)/profit for the period</b>		<b>(26,808)</b>	64,130	<b>(60,833)</b>	26,300
<b>Other comprehensive expense for the period, net of tax</b>					
<i>Item that may be subsequently reclassified to profit or loss:</i>					
Exchange differences arising on translating foreign operations		<b>(766)</b>	(239)	<b>(1,238)</b>	(635)
<b>Total comprehensive (expense)/ income for the period</b>		<b>(27,574)</b>	63,891	<b>(62,071)</b>	25,665

	<i>Note</i>	Three months ended		Nine months ended	
		31 December		31 December	
		2016	2015	2016	2015
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		Unaudited	Unaudited	Unaudited	Unaudited
<b>(Loss)/profit for the period attributable to:</b>					
Owners of the Company		(28,214)	63,090	(62,308)	24,944
Non-controlling interests		1,406	1,040	1,475	1,356
		<u>(26,808)</u>	<u>64,130</u>	<u>(60,833)</u>	<u>26,300</u>
<b>Total comprehensive (expense)/income for the period attributable to:</b>					
Owners of the Company		(28,825)	62,898	(63,296)	24,434
Non-controlling interests		1,251	993	1,225	1,231
		<u>(27,574)</u>	<u>63,891</u>	<u>(62,071)</u>	<u>25,665</u>
		<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
<b>(Loss)/earnings per share</b>					
Basic and diluted	8	<u>(0.58)</u>	<u>1.48</u>	<u>(1.28)</u>	<u>1.25</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 2016 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 three months and nine months ended 31 December 2016 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. 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:

	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>31 December</b>		<b>31 December</b>	
	<b>2016</b>	2015	<b>2016</b>	2015
	<b>HK\$’000</b>	HK\$’000	<b>HK\$’000</b>	HK\$’000
	<b>Unaudited</b>	Unaudited	<b>Unaudited</b>	Unaudited
<b>Revenue</b>				
Asset advisory and asset appraisal services income	<b>7,349</b>	7,204	<b>24,382</b>	23,173
Corporate services and consultancy income	<b>1,267</b>	796	<b>1,857</b>	1,975
Media advertising income	<b>10,943</b>	7,665	<b>13,749</b>	11,074
Loan interest income	<b>1,657</b>	809	<b>5,136</b>	1,400
	<b>21,216</b>	16,474	<b>45,124</b>	37,622

	Three months ended		Nine months ended	
	31 December		31 December	
	2016	2015	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Unaudited	Unaudited	Unaudited
<b>Other income</b>				
Bank interest income	8	18	27	21
Reimbursement of out-of-pocket expenses	130	206	360	347
Sub-leasing income	1,688	460	2,707	1,378
Dividend income from listed investments	–	33	–	33
Management fee income	843	–	843	–
Fair value gain on financial assets at fair value through profit or loss	–	71,825	–	50,764
Others	4	182	411	362
	<u>2,673</u>	<u>72,724</u>	<u>4,348</u>	<u>52,905</u>

#### 4. FINANCE COSTS

	Three months ended		Nine months ended	
	31 December		31 December	
	2016	2015	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Unaudited	Unaudited	Unaudited
Interest on bank borrowing	32	35	91	98
Interest on promissory notes	1,365	1,002	4,027	6,221
Finance lease charges	5	–	7	1
	<u>1,402</u>	<u>1,037</u>	<u>4,125</u>	<u>6,320</u>

#### 5. (LOSS)/PROFIT BEFORE TAX

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

	Three months ended		Nine months ended	
	31 December		31 December	
	2016	2015	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Unaudited	Unaudited	Unaudited
Depreciation	255	183	643	652
Loss on early redemption of promissory notes	–	9,026	–	9,026
Fair value loss/(gain) on financial assets at fair value through profit or loss	35,360	(71,825)	63,128	(50,764)
	<u>35,360</u>	<u>(71,825)</u>	<u>63,128</u>	<u>(50,764)</u>

## 6. INCOME TAX (CREDIT)/EXPENSE

	Three months ended 31 December		Nine months ended 31 December	
	2016 HK\$'000 Unaudited	2015 HK\$'000 Unaudited	2016 HK\$'000 Unaudited	2015 HK\$'000 Unaudited
<b>Current tax — Hong Kong</b>				
<b>Profits Tax</b>				
Provision for the period	422	–	773	–
<b>Current tax — Enterprise Income Tax in the People’s Republic of China (the “PRC”)</b>				
Provision for the period	2,260	1,739	2,457	2,250
Underprovision in prior years	20	–	20	–
	<u>2,280</u>	<u>1,739</u>	<u>2,477</u>	<u>2,250</u>
<b>Deferred tax</b>	<u>(5,557)</u>	<u>–</u>	<u>(9,947)</u>	<u>–</u>
	<u>(2,855)</u>	<u>1,739</u>	<u>(6,697)</u>	<u>2,250</u>

Hong Kong Profits Tax has been provided at a rate of 16.5% on the estimated assessable profit for the three months and nine months ended 31 December 2016. No profits tax has been provided for Hong Kong for the three months and nine months ended 31 December 2015 as there was no estimated assessable profit derived from Hong Kong for the said period.

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 Enterprise 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. DIVIDENDS

The Board does not declare the payment of a dividend for the nine months ended 31 December 2016 (the “Period”) (nine months ended 31 December 2015: Nil).

## 8. (LOSS)/EARNINGS PER SHARE

### Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss for the period attributable to owners of the Company for the three months and nine months ended 31 December 2016 of approximately HK\$28,214,000 (2015: profit of HK\$63,090,000) and HK\$62,308,000 (2015: profit of HK\$24,944,000), respectively and the weighted average number of shares for the three months and nine months ended 31 December 2016 of approximately 4,857,968,600 (2015: 4,249,272,948) and 4,857,968,600 (2015: 1,992,514,055), respectively in issue.

## Diluted (loss)/earnings per share

Diluted loss per share attributable to owners of the Company for the three months and nine months ended 31 December 2016 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.

The Company did not have any dilutive potential Shares for the three months and nine months ended 31 December 2015, and therefore, the diluted earnings per share attributable to owners of the Company was the same as the respective basic earnings per share.

## 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	Accumulated losses HK\$'000	Share-based payment reserve HK\$'000	Sub-total HK\$'000	Non-controlling interest HK\$'000	Total equity 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 expense for the period	-	-	-	(988)	(62,308)	-	(63,296)	1,225	(62,071)
Recognition of share-based payments	-	-	-	-	-	60	60	-	60
Effect of forfeiture of share options granted	-	-	-	-	44	(44)	-	-	-
At 31 December 2016 (unaudited)	<u>48,580</u>	<u>542,908</u>	<u>5,359</u>	<u>(1,346)</u>	<u>(106,834)</u>	<u>4,048</u>	<u>492,715</u>	<u>7,975</u>	<u>500,690</u>
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)	24,944	-	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)	<u>48,580</u>	<u>542,908</u>	<u>5,359</u>	<u>(579)</u>	<u>(37,515)</u>	<u>3,996</u>	<u>562,749</u>	<u>2,631</u>	<u>565,380</u>

## 10. EVENTS AFTER THE REPORTING PERIOD

On 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 an acquisition of 95% of the entire issued share capital of IAM Group Inc. (“IAM” and the “Acquisition”, respectively), at a consideration of approximately HK\$80,750,000. 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”). Completion of the Acquisition took place on 12 January 2017, and IAM has become an indirectly non-wholly-owned subsidiary of the Company.

## **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 the 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 the 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 communities located in the PRC. Media advertising income is generated mainly through 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 an associate and a subsidiary carrying money lending business and gold trading business. The money lending business mainly involves the 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 the provision of consultancy or agency services in Hong Kong.

### **FINANCIAL REVIEW**

The Group's revenue for the Period was approximately HK\$45.1 million (nine months ended 31 December 2015: approximately HK\$37.6 million), representing an increase of approximately 19.9% from that of the corresponding period of 2015 (the "Last Correspondence Period"). The increase in the Group's revenue was mainly attributable to the increases in (i) advertising income due to more advertising contracts undertaken and (ii) 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\$17.1 million (nine months ended 31 December 2015: approximately HK\$14.8 million), representing an increase of approximately 15.5% from that of the Last Corresponding Period. The increase in cost of sales was in line with the increase in the Group's revenue.

The Group's other income for the Period was approximately HK\$4.3 million (nine months ended 31 December 2015: approximately HK\$52.9 million), representing a decrease of approximately 91.9% from that of the Last Corresponding Period. The decrease was mainly due to the change from the unrealised fair value gain on financial assets at fair value through profit or loss for listed securities in Hong Kong of approximately HK\$50.8 million recognised in other income for the nine months ended 31 December 2015, to the unrealised fair value loss on financial assets at fair value through profit or loss of approximately HK\$63.1 million recognised in marketing, administrative and other operating expenses for the Period.

The Group's marketing, administrative and other operating expenses for the Period were approximately HK\$95.0 million (nine months ended 31 December 2015: approximately HK\$42.9 million), representing an increase of approximately 121.4% from that of the Last Corresponding Period. The increase was mainly due to the unrealised fair value loss on financial assets at fair value through profit or loss of approximately HK\$63.1 million recognised in the Period as mentioned above.

The Group's finance costs for the Period amounted to approximately HK\$4.1 million (nine months ended 31 December 2015: approximately HK\$6.3 million), representing a decrease of approximately 34.9% from that of the Last Corresponding Period. The decrease was mainly attributable to a decrease in the 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\$62.3 million (nine months ended 31 December 2015: profit of HK\$24.9 million).

## **CAPITAL STRUCTURE**

There was no change in the capital structure of the Group as at 31 December 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 document 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 31 December 2016, the aforesaid loan has been matured and the aggregate outstanding amount of such loan and interest receivable amounted to approximately HK\$13.7 million in relation to the aforementioned loan. Further details are set out in the Company's announcement dated 17 November 2015.

## **OUTLOOK**

Although the revenue growth from asset advisory and corporate consultancy services has slowed down 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 the 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 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 note 10 to the unaudited condensed consolidated results above, the Group completed the Acquisition on 12 January 2017 and has tapped into the securities brokerage business in Hong Kong.

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

## **DIRECTORS’ INTERESTS IN COMPETING INTERESTS**

To the best of the Directors’ knowledge, none of the Directors 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 Period.

## **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 Period.

## **CORPORATE GOVERNANCE**

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

## **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 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, 10 February 2017

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