

# 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 2014

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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*This announcement, for which the directors (the “Directors”) of GreaterChina Professional Services Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

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

\* For identification purpose only

The board of Directors (the “Board”) of the Company presents the condensed unaudited consolidated results of the Company and its subsidiaries (together, the “Group”) for the three months ended 30 June 2014, together with the comparative figures for the corresponding period in 2013, as follows.

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

		<b>Three months ended 30 June</b>	
		<b>2014</b>	<b>2013</b>
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		<b>Unaudited</b>	<b>Unaudited</b>
<b>Revenue</b>	2	<b>8,128</b>	19,463
Cost of services		<u>(5,034)</u>	<u>(5,546)</u>
Gross profit		<b>3,094</b>	13,917
Other income	2	<b>666</b>	781
Marketing, administrative and other operating expenses		<b>(9,466)</b>	(9,113)
Finance costs		<b>(2)</b>	(3)
Share of results of an associate		<u>–</u>	<u>(82)</u>
<b>(Loss)/profit before tax</b>		<b>(5,708)</b>	5,500
Income tax expense	3	<u>–</u>	<u>(835)</u>
<b>(Loss)/profit for the period attributable to owners of the Company</b>		<b>(5,708)</b>	4,665
<b>Other comprehensive income/(expense)</b>			
<i>Item that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		<u>8</u>	<u>(1)</u>
<b>Total comprehensive (expense)/income for the period attributable to owners of the Company</b>		<u><b>(5,700)</b></u>	<u>4,664</u>
<b>(Loss)/earnings per share</b>	4		
— Basic ( <i>HK cents</i> )		<b>(1.14)</b>	0.93
— Diluted ( <i>HK cents</i> )		<u><b>(1.14)</b></u>	<u>0.93</u>

Notes:

## 1. BASIS OF PREPARATION

The Company is a limited liability company incorporated in the Cayman Islands. The Group's condensed unaudited consolidated results for the three months ended 30 June 2014 have been prepared in accordance with Chapter 18 of the GEM Listing Rules.

The Group's condensed unaudited consolidated results for the three months ended 30 June 2014 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and accounting principles generally accepted in Hong Kong. The accounting policies adopted in preparing these quarterly results are consistent with those used in the Company's annual audited consolidated financial statements for the year ended 31 March 2014. The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group's accounting policies and amounts reported for the current period and prior periods. The Group has not applied the new HKFRSs that have been issued but are not yet effective. The application of these new HKFRSs will not have material impact on the financial statements of the Group.

The first quarterly results are unaudited but have been reviewed by the Company's audit committee.

## 2. REVENUE AND OTHER INCOME

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

An analysis of revenue and other income are as follows:

	Three months ended	
	30 June	
	2014	2013
	HK\$'000	HK\$'000
	Unaudited	Unaudited
<b>Revenue</b>		
Asset appraisal services income	7,428	7,963
Corporate services and consultancy income	700	11,500
	<u>8,128</u>	<u>19,463</u>
<b>Other income</b>		
Others	<u>666</u>	<u>781</u>

### 3. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) for the three months ended 30 June 2014 and 2013.

	Three months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Current — Hong Kong	—	835

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

### 4. (LOSS)/EARNINGS PER SHARE

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

	Three months ended 30 June	
	2014	2013
	Unaudited	Unaudited
(Loss)/profit attributable to owners of the Company for the purpose of basic and diluted (loss)/earnings per share (HK\$'000)	<u>(5,708)</u>	<u>4,665</u>
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share (in '000)	502,234	500,040
Effect of dilutive potential ordinary shares:		
Options (in '000)	<u>—</u>	<u>428</u>
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share (in '000)	<u>502,234</u>	<u>500,468</u>

Note:

The computation of diluted loss per share for the period ended 30 June 2014 does not include the option to subscribe the Shares since their exercise would result in an anti-dilutive effect on loss per share.

## 5. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company						Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Foreign currency translation reserve HK\$'000	Retained earnings HK\$'000	Share-based payment reserve HK\$'000	
At 1 April 2014 (Audited)	5,018	71,984	5,359	(52)	65,127	462	147,898
Total comprehensive expense for the period	-	-	-	8	(5,708)	-	(5,700)
Shares issued pursuant to exercise of share option	17	472	-	-	-	(157)	332
Recognition of share-based payments	-	-	-	-	-	2	2
<b>At 30 June 2014 (Unaudited)</b>	<b>5,035</b>	<b>72,456</b>	<b>5,359</b>	<b>(44)</b>	<b>59,419</b>	<b>307</b>	<b>142,532</b>
At 1 April 2013 (Audited)	5,000	71,478	5,359	(45)	36,217	669	118,678
Total comprehensive income for the period	-	-	-	(1)	4,665	-	4,664
Recognition of share-based payments	-	-	-	-	-	20	20
At 30 June 2013 (Unaudited)	5,000	71,478	5,359	(46)	40,882	689	123,362

## 6. EVENT AFTER THE REPORTING PERIOD

As disclosed in the announcement and prospectus of the Company dated 16 July 2014 and 6 August 2014 respectively in relation to an open offer on the basis of one offer share for every two existing shares of the Company (the "Open Offer"), the gross proceeds of the Open Offer will be approximately HK\$50.5 million before expenses and the estimated net proceeds of the Open Offer will be approximately HK\$48.0 million. As at the date of this announcement, the Open Offer has not yet been completed.

As disclosed in the announcement of the Company dated 12 August 2014, Zhong Nan Investments Limited, a wholly-owned subsidiary of the Company entered into a conditional sale and purchase agreement on 12 August 2014 in relation to an acquisition of 30% equity interests in Boxin Bullion Company Limited (the "Acquisition"), subsidiary of which mainly engages in business of trading and exchange of gold and silver in Hong Kong. The total consideration for the Acquisition shall be HK\$39,000,000, which shall be satisfied by the allotment and issue, credited as fully paid, of shares of the Company on the date of completion. As at the date of this announcement, the Acquisition has not yet been completed.

## **INTERIM DIVIDEND**

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

## **BUSINESS REVIEW**

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

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

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

## **FINANCIAL REVIEW**

The Group's revenue for the three months ended 30 June 2014 was approximately HK\$8.1 million (three months ended 30 June 2013: approximately HK\$19.5 million), representing a decrease of approximately 58% from that of 2013. The decrease in the Group's revenue during the period was mainly due to decrease in revenue from corporate services and consultancy segment resulted from certain of the Group's projects are still underway and have not been completed during the period.

The Group's cost of services for the three months ended 30 June 2014 was approximately HK\$5.0 million (three months ended 30 June 2013: approximately HK\$5.5 million), representing a decrease of approximately 9% from that of 2013. The decrease was mainly due to decrease in sub-contracting cost.

The Group's marketing, administrative and other operating expenses for the three months ended 30 June 2014 was approximately HK\$9.5 million (three months ended 30 June 2013: approximately HK\$9.1 million), representing an increase of approximately 4% from that of 2013. The increase was mainly due to the Group's further business expansion, by setting up new offices, in overseas market, more operating expenses incurred for the period.

Accordingly, the loss attributable to owners of the Company for the three months ended 30 June 2014 was approximately HK\$5.7 million (three months ended 30 June 2013: profit of approximately HK\$4.7 million).

## **PROSPECT**

Looking ahead, the momentum for European and US economic recovery is yet to be restored and China also reported a lower GDP growth than before; implying challenges to our business. Although China plans to speed up economic reforms and the State Council has recently further outlined nine targets to be achieved this year to strive for breakthroughs in capital market, we remain cautiously optimistic with respect to the steady demand for professional commercial services in the PRC, Taiwan, Hong Kong and Macau (together, the “Greater China”). As companies in Greater China, especially in China, grow in corporate size and operational complexity and geographical diversification, the need for a leading professional advisor on asset value, procedures and regulations, as well as investment matching is expected to remain there. Based on our existing competitive advantages and market position in our core business segments, the continuing increase in and diversification of our client base and income source through horizontal acquisitions, our experienced professional teams and provision of convenient one-stop professional services, we are confident to confront such challenges. Furthermore, based on our recent business setups in China, Malaysia, Europe and Middle-East, specifically in London and Dubai, we believe our client base and income source would be further diversified and increased. We will continue to capture market opportunities and enhance the quality and scope of our services in order to deliver sustainable growth in returns to our shareholders.

## **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 under review.

## **COMPETING INTERESTS**

None of the Directors or the controlling shareholders of the Company or their associates as defined in the GEM Listing Rules had any interest in business that competed or might compete with the business of the Group during the period under review.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

The Company did not redeem any of its Shares listed in GEM nor did the Company or any of its subsidiaries purchase or sell any of such Shares during the period under review.

## AUDIT COMMITTEE

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

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

Hong Kong, 14 August 2014

*As at the date of this announcement, the executive Director is Mr. Ip Kwok Kwong and the independent non-executive Directors are Mr. Tso Ping Cheong, Brian, Mr. Yip Chung Wai, David and Ms. Ng See Wai, Rowena.*

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