

# 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 2012

### 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.

*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 (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 unaudited condensed consolidated results of the Company and its subsidiaries (together, the “Group”) for the three months and nine months ended 31 December 2012, together with the comparative figures for the corresponding periods in 2011, as follows.

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Three months ended 31 December		Nine months ended 31 December	
		2012 HK\$'000 Unaudited	2011 HK\$'000 Unaudited	2012 HK\$'000 Unaudited	2011 HK\$'000 Unaudited (restated)
<b>Turnover</b>	2	<b>32,263</b>	15,105	<b>62,768</b>	35,638
Cost of services		<u>(17,253)</u>	<u>(5,591)</u>	<u>(26,056)</u>	<u>(11,912)</u>
Gross profit		<b>15,010</b>	9,514	<b>36,712</b>	23,726
Other incomes	2	<b>612</b>	835	<b>1,851</b>	2,494
Marketing, administrative and other operating expenses		<b>(8,832)</b>	(9,198)	<b>(26,609)</b>	(22,111)
Finance costs		<b>(4)</b>	(6)	<b>(12)</b>	(6)
Share of results of an associate		<b>(192)</b>	25	<b>63</b>	164
<b>Profit before tax</b>		<b>6,594</b>	1,170	<b>12,005</b>	4,267
Income tax expense	3	<b>(643)</b>	(415)	<b>(1,674)</b>	(1,361)
<b>Profit for the period attributable to owners of the Company</b>		<b>5,951</b>	755	<b>10,331</b>	2,906
<b>Other comprehensive income</b>					
Exchange differences arising on translation of foreign operations		<b>(12)</b>	11	<b>(32)</b>	14
<b>Total comprehensive income for the period attributable to owners of the Company</b>		<b><u>5,939</u></b>	<u>766</u>	<b><u>10,299</u></b>	<u>2,920</u>
<b>Earnings per share</b>					
Basic and diluted ( <i>HK cents</i> )	4	<b><u>1.19</u></b>	<u>0.15</u>	<b><u>2.07</u></b>	<u>0.62</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 and nine months ended 31 December 2012 have been prepared in accordance with Chapter 18 of the GEM Listing Rules.

The Group's condensed unaudited consolidated results for the three months and nine months ended 31 December 2012 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 2012. 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 third quarterly results are unaudited but have been reviewed by the Company's audit committee.

## 2. TURNOVER AND OTHER INCOMES

An analysis of turnover and other incomes are as follows:

	Three months ended		Nine months ended	
	31 December		31 December	
	2012	2011	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Unaudited	Unaudited	Unaudited (restated)
<b>Turnover</b>				
Asset appraisal services income	<b>16,403</b>	5,683	<b>31,442</b>	17,427
Asset advisory services income	<b>12,813</b>	6,162	<b>18,669</b>	6,792
Corporate services and consultancy income	<b>3,047</b>	3,260	<b>12,657</b>	11,419
	<b><u>32,263</u></b>	<u>15,105</u>	<b><u>62,768</u></b>	<u>35,638</u>
<b>Other incomes</b>				
Interest income	<b>31</b>	57	<b>100</b>	58
Others	<b>581</b>	778	<b>1,751</b>	2,436
	<b><u>612</u></b>	<u>835</u>	<b><u>1,851</u></b>	<u>2,494</u>

### 3. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) for the three months ended and nine months ended 31 December 2012.

	Three months ended		Nine months ended	
	31 December		31 December	
	2012	2011	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Unaudited	Unaudited	Unaudited
Current – Hong Kong	<u>643</u>	<u>415</u>	<u>1,674</u>	<u>1,361</u>

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

### 4. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	Three months ended		Nine months ended	
	31 December		31 December	
	2012	2011	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Unaudited	Unaudited	Unaudited (restated)
Profit attributable to owners of the Company	<u>5,951</u>	<u>755</u>	<u>10,331</u>	<u>2,906</u>
Weighted average number of ordinary shares for the purpose of basic earnings per shares ( <i>in '000</i> )	<u>500,040</u>	500,000	<u>500,038</u>	472,727
Effect of dilutive potential ordinary shares:				
Options ( <i>in '000</i> )	—	—	—	—
Weighted average number of ordinary shares for the purpose of diluting earnings per shares ( <i>in '000</i> )	<u>500,040</u>	<u>500,000</u>	<u>500,038</u>	<u>472,727</u>

For the three months and nine months ended 31 December 2012 (31 December 2011: same), diluted earnings per share equals basic earnings per share as there was no dilutive potential ordinary shares.

## 5. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company						
	Share capital <i>HK\$000</i>	Share premium <i>HK\$000</i>	Capital reserve <i>HK\$000</i>	Foreign currency translation reserve <i>HK\$000</i>	Retained earnings <i>HK\$000</i>	Share-based payment reserve <i>HK\$000</i>	Total equity <i>HK\$000</i>
At 1 April 2012 (Audited)	5,000	71,468	5,359	–	14,246	340	96,413
<b>Comprehensive income</b>							
Profit for the period	–	–	–	–	10,331	–	10,331
<b>Other comprehensive income</b>							
Exchange differences arising on translation for foreign operations	–	–	–	(32)	–	–	(32)
<b>Total comprehensive income</b>	–	–	–	(32)	10,331	–	10,299
Share issued under share option scheme	–	8	–	–	–	(3)	5
Equity-settled share-based payment	–	–	–	–	–	278	278
Final dividend paid in respect of the previous financial year	–	–	–	–	(5,000)	–	(5,000)
Transfer between reserves	–	–	–	–	47	(47)	–
<b>At 31 December 2012 (Unaudited)</b>	<b>5,000</b>	<b>71,476</b>	<b>5,359</b>	<b>(32)</b>	<b>19,624</b>	<b>568</b>	<b>101,995</b>
At 1 April 2011 (Audited)	3,200	–	2,159	15	30,967	–	36,341
Total comprehensive income for the period (restated)	–	–	–	14	2,906	–	2,920
Reorganisation	(3,200)	–	3,200	–	–	–	–
Capitalisation issue	3,750	(3,750)	–	–	–	–	–
Placing of shares	1,250	88,750	–	–	–	–	90,000
Share placement expenses	–	(13,532)	–	–	–	–	(13,532)
Interim dividend declared by subsidiaries	–	–	–	–	(30,000)	–	(30,000)
<b>At 31 December 2011 (Unaudited)</b>	<b>5,000</b>	<b>71,468</b>	<b>5,359</b>	<b>29</b>	<b>3,873</b>	<b>–</b>	<b>85,729</b>

## 6. EVENTS AFTER THE REPORTING PERIOD

During the period, the Group, through a wholly owned subsidiary, entered into a series of contractual arrangements to purchase 30% equity interests in a private entity incorporated in the People's Republic of China ("PRC"), an appraisal company which provides appraisal services in PRC, at a total consideration of RMB1,800,000. The acquisition was completed in January 2013. Because the Group has no voting right on the governing bodies of this entity, the Group is not able to exercise the significant influence on the financial and operating policy decisions of this entity.

## 7. COMPARATIVE FIGURES

In August 2011, the Group entered into a subscription agreement and an acquisition agreement with an independent third party to purchase and subscribe 20% equity interest of TodayIR Holdings Limited ("TodayIR") at a total consideration of approximately HK\$26,017,000 and to acquire simultaneously a warrant at a consideration of HK\$1 and such warrant enables the Group to exercise an option to subscribe for 150 further ordinary shares in the associate, at an exercise price of HK\$87,000 per share. The associate and the warrant were acquired simultaneously, and the warrant will expire on 16 August 2013.

The fair value of the warrant at the inception date is approximately HK\$1,716,000. During the preparation of the interim financial statements for the six months ended 30 September 2011, the Group has requested for an agreed-upon procedures report ("AUP Report") from a firm of professional accountants, prepared in accordance with Hong Kong Standard on Related Services 4400 "Engagements to Perform Agreed-upon Procedures Regarding Financial Information" ("HKSRs 4400") issued by the Hong Kong Institute of Certified Public Accountants. The AUP Report states that the valuation of the identifiable assets and liabilities of a new associate, TodayIR, as at the date of acquisition (the "Valuation"), has been obtained, and the initial recognition and the disclosures of the said investment, based on the Valuation, is in accordance with Hong Kong Accounting Standard ("HKAS") 28 "Investments in Associates" and HKAS 34 "Interim Financial Reporting" respectively.

Accordingly, the investment was initially recognised at cost of approximately HK\$26,017,000 and the warrant was initially recognised as fair value gain through the profit or loss at the inception date with an amount of approximately HK\$1,716,000.

During the preparation of annual financial statements for the year ended 31 March 2012, the board of directors revisited the initial recognition of both the associate and the warrant and observed that it would be more appropriate to account for the initial fair value of the warrant as an allocation from the cost of investment in the associate and subsequently re-measured at fair value at end of each reporting period. Accordingly, the consideration of investment in associate was re-measured from approximately HK\$26,017,000 to HK\$24,301,000, and the initial recognition of fair value gain on an investment at fair value through profit or loss of approximately HK\$1,716,000 for the nine months ended 31 December 2011 has been de-recognised in these quarterly results.

## **INTERIM DIVIDEND**

The Directors do not recommend the payment of an interim dividend for the nine months ended 31 December 2012 (nine months ended 31 December 2011: 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 nature and is usually calculated based on a percentage of the value of the underlying asset or the consideration agreed between the parties in the underlying transaction.

The corporate services and consultancy segment includes mainly 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 nine months ended 31 December 2012 was approximately HK\$62.8 million (nine months ended 31 December 2011: approximately HK\$35.6 million), representing an increase of approximately 76.4% from that of 2011. The increase in the Group's revenue during the period was mainly attributable to an increase in revenue due to completion of an asset advisory services engagement. Thanks to the Group business expansion since its listing, the Group overall revenue increased as compared with last period.

The Group's cost of services for the nine months ended 31 December 2012 was approximately HK\$26.1 million (nine months ended 31 December 2011: approximately HK\$11.9 million), representing an increase of approximately 119.3% from that of 2011. The increase was mainly due to increase in sub-contracting cost.

The Group's marketing, administrative and other operating expenses for the nine months ended 31 December 2012 was approximately HK\$26.6 million (nine months ended 31 December 2011: approximately HK\$22.1 million), representing an increase of approximately 20.4% from that of 2011. The increase was mainly due to increase in sales and administrative staff cost and rental expenses.

Accordingly, the profit attributable to owners of the Company for the nine months ended 31 December 2012 was approximately HK\$10.3 million (nine months ended 31 December 2011, as restated: approximately HK\$2.9 million), representing an increase of approximately 255.2% from that of 2011.

## **PROSPECT**

The global economy still faces great challenges. Although China's economy has shown signs of modest recovery in the fourth quarter last year, global demand remains tepid and Europe still needs deeper reforms to revive growth while the full recovery of the US economy could take time. However, demand for professional corporate services in Greater China will continue to be there. When companies in the region, 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 client base through horizontal acquisitions, experienced professional teams and convenient one-stop professional services provision, 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 respective associates as defined in the GEM Listing Rules had any interest in business that competed or might compete with business of the Group during the period under review.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period under review.



## **INTERESTS OF THE COMPLIANCE ADVISER**

As at 31 December 2012 neither Grand Vinco Capital Limited nor any of its directors, employees or associates had any interests in the shares of the Company or any member of the Group, or any right to subscribe for or to nominate persons to subscribe for the shares of the Company or any member of the Group.

## **AUDIT COMMITTEE**

The Group's condensed unaudited consolidated results for the nine months ended 31 December 2012 have been reviewed by the audit committee of the Company, which was of the opinion that such results have complied with the applicable accounting standards and that adequate disclosures have been made.

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

Hong Kong, 4 February 2013

*As at the date of this announcement, the executive director is Mr. Ip Kwok Kwong and the independent non-executive directors are Mr. Au-Yang Cheong Yan, Peter, Mr. Wu Chi Keung and Mr. Wan Kam To.*

*This announcement will remain on the website of the 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).*