

# 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 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 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 of the Company (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 2014, together with the unaudited comparative figures for the corresponding periods in 2013, as follows.

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

For the three months and nine months ended 31 December 2014

	Notes	Three months ended 31 December		Nine months ended 31 December	
		2014 HK\$'000 Unaudited	2013 HK\$'000 Unaudited	2014 HK\$'000 Unaudited	2013 HK\$'000 Unaudited
<b>Turnover</b>	3	<b>10,340</b>	10,701	<b>27,266</b>	45,418
Cost of services		<b>(5,402)</b>	(4,621)	<b>(15,437)</b>	(16,543)
<b>Gross profit</b>		<b>4,938</b>	6,080	<b>11,829</b>	28,875
Other income	3	<b>1,108</b>	724	<b>3,289</b>	2,618
Marketing, administrative and other operating expenses		<b>(35,918)</b>	(10,356)	<b>(56,539)</b>	(30,561)
Finance costs		<b>(32)</b>	(11)	<b>(35)</b>	(17)
Increase in fair value on financial asset at fair value through profit or loss		<b>(871)</b>	–	<b>(338)</b>	–
Share of results of associates and a joint venture		<b>673</b>	(12)	<b>589</b>	524
<b>(Loss)/profit before tax</b>		<b>(30,102)</b>	(3,575)	<b>(41,205)</b>	1,439
Income tax expense	4	<b>(426)</b>	(359)	<b>(426)</b>	(1,326)
<b>(Loss)/profit for the period attributable to owners of the Company</b>		<b>(30,528)</b>	(3,934)	<b>(41,631)</b>	113
<b>Other comprehensive income/(expense), net of tax</b>					
<i>Items that may be reclassified to profit or loss:</i>					
Exchange differences arising on translating foreign operations		<b>4</b>	(20)	<b>(10)</b>	7
<b>Total comprehensive (expense)/income for the period attributable to owners of the Company</b>		<b>(30,524)</b>	(3,954)	<b>(41,641)</b>	120
		<i>HK cents</i>	<i>HK cents (restated)</i>	<i>HK cents</i>	<i>HK cents (restated)</i>
<b>(Loss)/earnings per share</b>	5				
Basic		<b>(3.56)</b>	(0.64)	<b>(5.34)</b>	0.02
Diluted		<b>(3.56)</b>	(0.64)	<b>(5.34)</b>	0.02

Notes:

## 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability. The shares of the Company are listed on the GEM of the Stock Exchange. 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 2014 have been prepared in accordance with Chapter 18 of the GEM Listing Rules.

The Group's unaudited condensed consolidated results for the three months and nine months ended 31 December 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. Except as described below, the accounting policies and methods of computation used in preparing these quarterly results are the same as those followed in the preparation of the Group's audited consolidated financial statements for the year ended 31 March 2014.

In the current period, the Group has applied, for the first time, certain new and revised HKFRSs issued by the HKICPA that are mandatorily effective for the current period. The application of these new and revised HKFRSs has had no material effect on the amounts reported and/or disclosure set out in the Group's condensed unaudited consolidated results for the current period.

The third quarterly results are unaudited but have been reviewed by the audit committee of the Company.

## 3. TURNOVER AND OTHER INCOME

An analysis of revenue and other income are as follows:

	Three months ended		Nine months ended	
	31 December		31 December	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	Unaudited	Unaudited	Unaudited	Unaudited
<b>Turnover</b>				
Asset appraisal services income	6,891	9,475	21,213	26,132
Asset advisory services income	–	28	170	4,680
Corporate services and consultancy income	1,241	1,198	3,675	14,606
Advertising income	2,208	–	2,208	–
	<u>10,340</u>	<u>10,701</u>	<u>27,266</u>	<u>45,418</u>
<b>Other income</b>				
Interest income	2	2	10	7
Dividend income from financial asset at fair value through profit or loss	170	–	730	–
Others	936	722	2,549	2,611
	<u>1,108</u>	<u>724</u>	<u>3,289</u>	<u>2,618</u>

#### 4. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) for the three months and nine months ended 31 December 2014.

The Company's subsidiaries operating in the People's Republic of China ("PRC") are subject to PRC Enterprise Income Tax at the rate of 25% (2013: Nil) for the three months and nine months ended 31 December 2014.

	Three months ended 31 December		Nine months ended 31 December	
	2014 HK\$'000 Unaudited	2013 HK\$'000 Unaudited	2014 HK\$'000 Unaudited	2013 HK\$'000 Unaudited
<b>Current tax:</b>				
Hong Kong Profits Tax	–	359	–	1,326
PRC Enterprise Income Tax	<b>443</b>	–	<b>443</b>	–
<b>Overprovision in prior years:</b>				
Hong Kong Profits Tax	<u>(17)</u>	–	<u>(17)</u>	–
	<b>426</b>	<b>359</b>	<b>426</b>	<b>1,326</b>

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

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

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

	Three months ended 31 December		Nine months ended 31 December	
	2014 HK\$'000 Unaudited	2013 HK\$'000 Unaudited	2014 HK\$'000 Unaudited	2013 HK\$'000 Unaudited
(Loss)/profit attributable to owners of the Company	<u>(30,528)</u>	<u>(3,934)</u>	<u>(41,631)</u>	<u>113</u>
	'000	'000 (restated) (Note)	'000	'000 (restated) (Note)
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	<b>857,958</b>	616,574	<b>779,527</b>	616,375
Effect of dilutive potential ordinary shares: Share options	–	–	–	1,836
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	<u><b>857,958</b></u>	<u>616,574</u>	<u><b>779,527</b></u>	<u>618,211</u>

*Note:* The weighted average number of ordinary shares for the purpose of calculating basic and diluted (loss)/earnings per share for the period has been retrospectively adjusted for the effect of the issue of shares upon an open offer completed on 25 August 2014.

The computation of diluted loss per share for the three months and nine months ended 31 December 2014, and for the three months ended 31 December 2013 did not include the Company's outstanding share options since their assumed exercise would result in an anti-dilutive effect on loss per share.

## 6. 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 2014 (Audited)	5,018	71,984	5,359	(52)	65,127	462	147,898
Total comprehensive expense for the period	-	-	-	(10)	(41,631)	-	(41,641)
Share issued pursuant to exercise of share options	39	1,021	-	-	-	(336)	724
Recognition of share-based payments	-	-	-	-	-	11	11
Issue of shares upon open offer	2,523	47,941	-	-	-	-	50,464
Issue of consideration shares	1,000	68,000	-	-	-	-	69,000
Share issue expense	-	(1,796)	-	-	-	-	(1,796)
Effect of forfeiture of share options granted	-	-	-	-	5	(5)	-
<b>At 31 December 2014 (Unaudited)</b>	<b>8,580</b>	<b>187,150</b>	<b>5,359</b>	<b>(62)</b>	<b>23,501</b>	<b>132</b>	<b>224,660</b>
At 1 April 2013 (Audited)	5,000	71,478	5,359	(45)	36,217	669	118,678
Total comprehensive income for the period	-	-	-	7	113	-	120
Share issued pursuant to exercise of share options	14	378	-	-	-	(121)	271
Recognition of share-based payments	-	-	-	-	-	66	66
Final dividend paid in respect of the previous financial year	-	-	-	-	(2,500)	-	(2,500)
Transfer between reserves	-	24	-	-	80	(104)	-
<b>At 31 December 2013 (Unaudited)</b>	<b>5,014</b>	<b>71,880</b>	<b>5,359</b>	<b>(38)</b>	<b>33,910</b>	<b>510</b>	<b>116,635</b>

## **INTERIM DIVIDEND**

The Board does not declare the payment of an interim dividend for the nine months ended 31 December 2014 (nine months ended 31 December 2013: Nil).

## **BUSINESS REVIEW**

### **(a) 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.

### **(b) 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.

### **(c) Media advertising**

In November 2014, the Group acquired 80% equity interests in Golden Vault Limited (collectively with its wholly-owned subsidiaries the “Golden Vault Group”) from an independent third party for a consideration of HK\$110,000,000. Details of the acquisition were disclosed in the announcement of the Company dated 13 November 2014. Golden Vault Group is principally engaged in media advertising business and is one of the community media promotion operators in Changshu, the PRC. Advertising income is generated mainly through its in-elevator poster frames network and liquid-crystal display displays network inside elevators or lift lobbies of middle to high-end residential community. Subsequent to the acquisition, the Group taps into the media advertising industry in the PRC with growth potential and to generate diversified income and additional cash flow.

### **(d) Money lending**

In December 2014, the Group acquired 100% equity interests in Alright Venture Limited from independent third parties for a cash consideration of HK\$28,000,000. Alright Venture Limited holds a wholly-owned subsidiary incorporated in Hong Kong, an entity which holds a valid money lender licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) and provides financial credit services such as personal loans, commercial loans and mortgages to individuals and corporations. Subsequent to the acquisition, the money lending business segment has been introduced to the Group.

## FINANCIAL REVIEW

The Group's revenue for the nine months ended 31 December 2014 was approximately HK\$27.3 million (nine months ended 31 December 2013: approximately HK\$45.4 million), representing a decrease of approximately 39.9% from that of 2013. The decrease in the Group's revenue during the period was mainly attributable to decrease in revenue from asset advisory services segment of approximately HK\$4.5 million, and corporate services and consultancy segment of approximately HK\$10.9 million, largely resulted from certain of the Group's projects are still underway and have not been completed during the period. Besides, the Group also experienced a decrease in revenue from asset appraisal services segment of approximately HK\$4.9 million primarily due to the decrease in average contract price of the asset appraisal services. Nevertheless, the number of asset appraisal engagements was increased by approximately 11% as compared with that of 2013. The decrease in the Group's revenue resulted from abovementioned segments was slightly offset by the advertising income newly introduced to the Group upon the acquisition of Golden Vault Group during the nine months ended 31 December 2014.

The Group's cost of services for the nine months ended 31 December 2014 was approximately HK\$15.4 million (nine months ended 31 December 2013: approximately HK\$16.5 million), representing a decrease of approximately 6.7% 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 nine months ended 31 December 2014 was approximately HK\$56.5 million (nine months ended 31 December 2013: approximately HK\$30.6 million), representing an increase of approximately 84.6% from that of 2013. The increase was mainly attributable to the impairment losses recognised for an amount due from a joint venture of approximately HK\$4.1 million and trade receivables of approximately HK\$20.6 million due to the uncertainty of their collectability.

Accordingly, the loss attributable to owners of the Company for the nine months ended 31 December 2014 was approximately HK\$41.6 million (nine months ended 31 December 2013: profit of approximately HK\$0.1 million).



## **PROSPECT**

Looking ahead, the momentum for European and US economic recovery is yet to be restored and the PRC also reported a lower Gross Domestic Product growth than before; implying challenges to our business. Although our revenue from asset advisory and corporate consultancy services are falling as compared with previous years due to lack of optimism in the global economy and the volatile financial and 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 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 our existing competitive advantages and market position in our core business segments, our experienced professional teams and provision of convenient one-stop professional services, we are confident to address such challenges. Furthermore, based on our recent business acquisitions, with the expansion of our operations to the advertisement and money lending business, 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.

## **COMPETING INTERESTS**

None of the Directors or the controlling 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 business of the Group during the nine months ended 31 December 2014.

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

The Company did not redeem any of its shares listed on GEM of the Stock Exchange nor did the Company or any of its subsidiaries purchase or sell any of the Company’s listed securities during the nine months ended 31 December 2014.

## **AUDIT COMMITTEE**

The Group’s unaudited condensed consolidated results for the nine months ended 31 December 2014 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 February 2015



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