

GreaterChina Professional Services Limited

漢華專業服務有限公司

Stock Code: 8193

(Incorporated in the Cayman Islands with limited liability)

A photograph of two business men in suits shaking hands on a rooftop terrace. The scene is set against a bright, hazy city skyline with a prominent skyscraper. The sun is low on the horizon, creating a warm, golden glow and long shadows. The men's reflections are visible on the wet, polished floor of the terrace. The overall mood is professional and optimistic.

2015
First Quarterly Report

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 report, 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 report 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 report misleading.

This report, in both English and Chinese versions, is available on the Company’s website at www.gca.com.hk.

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 ended 30 June 2015 (the “Period”), together with the unaudited comparative figures for the corresponding period in 2014, as follows.

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

For the three months ended 30 June 2015

	Notes	Three months ended 30 June	
		2015 HK\$'000 Unaudited	2014 HK\$'000 Unaudited
Revenue	3	9,576	8,128
Cost of sales		<u>(4,123)</u>	<u>(5,034)</u>
Gross profit		5,453	3,094
Other income	3	629	666
Marketing, administrative and other operating expenses		(13,291)	(9,466)
Finance costs	4	(2,628)	(2)
Share of results of associates		<u>732</u>	<u>–</u>
Loss before tax	5	(9,105)	(5,708)
Income tax expense	6	<u>(351)</u>	<u>–</u>
Loss for the period		(9,456)	(5,708)
Other comprehensive (expense)/income for the period			
<i>Item that may be subsequently reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		<u>(54)</u>	<u>8</u>
Total comprehensive expense for the period		<u>(9,510)</u>	<u>(5,700)</u>

	Three months ended	
	30 June	
<i>Notes</i>	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Unaudited
Loss for the period attributable to:		
Owners of the Company	(9,657)	(5,708)
Non-controlling interests	201	—
	<u>(9,456)</u>	<u>(5,708)</u>
Total comprehensive expense for the period attributable to:		
Owners of the Company	(9,700)	(5,700)
Non-controlling interests	190	—
	<u>(9,510)</u>	<u>(5,700)</u>
Loss per share		
— Basic and diluted (<i>HK cents</i>)	(1.13)	(1.14)

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 Period 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 Period 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 for the Period. 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 30 June	
	2015	2014
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Revenue		
Asset advisory and asset appraisal services income	6,616	7,428
Corporate services and consultancy income	706	700
Media advertising income	2,046	–
Loan interest income	208	–
	<u>9,576</u>	<u>8,128</u>
Other income		
Bank interest income	1	–
Others	628	666
	<u>629</u>	<u>666</u>

4. FINANCE COSTS

	Three months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Interest on bank borrowings	32	–
Interest on promissory notes	2,595	–
Others	1	2
	<u>2,628</u>	<u>2</u>

5. LOSS BEFORE TAX

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

	Three months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Depreciation	244	163
Fair value loss on financial assets at fair value through profit or loss	3,376	—
	<u>3,376</u>	<u>—</u>

6. INCOME TAX EXPENSE

	Three months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Current tax:		
— Corporate Income Tax in the People's Republic of China (the "PRC")	351	—
	<u>351</u>	<u>—</u>

No income tax has been provided for Hong Kong as there is no estimated assessable profit derived from Hong Kong for the three months ended 30 June 2015 and 2014.

Tax charge 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 is 25%.

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

7. INTERIM DIVIDEND

The Board does not declare the payment of an interim dividend for the Period (three months ended 30 June 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 of approximately HK\$9,657,000 (2014: HK\$5,708,000) and the weighted average number of ordinary shares of 857,968,600 (2014: 502,234,000) in issue during the Period.

Diluted loss per share

Diluted loss per share attributable to owners of the Company for the Period is the same as the respective basic loss per share because all potential dilutive ordinary shares would decrease the loss per share, 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	Sub-total HK\$'000	Non-controlling interests 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 expense for the period	-	-	-	(43)	(9,657)	-	(9,700)	190	(9,510)
At 30 June 2015 (Unaudited)	8,580	187,150	5,359	(112)	(72,116)	128	128,989	1,590	130,579
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	-	-	-	8	(5,708)	-	(5,700)	-	(5,700)
Shares issued pursuant to exercise of share option	17	472	-	-	-	(157)	332	-	332
Recognition of share-based payments	-	-	-	-	-	2	2	-	2
At 30 June 2014 (Unaudited)	5,035	72,456	5,359	(44)	59,419	307	142,532	-	142,532

10. EVENTS AFTER THE REPORTING PERIOD

- (a) As disclosed in the announcement of the Company dated 10 July 2015, on 9 July 2015, the Company entered into:
- (i) a placing agreement with a placing agent (the "Placing Agent") whereby the Placing Agent had conditionally agreed to place, on a fully underwritten basis, a total of not less than six places to subscribe for an aggregate of 2,600,000,000 new Shares (the "Placing Shares") at a price of HK\$0.10 per Placing Share (the "Placing Price"); and
 - (ii) a subscription agreement with a subscriber (the "Subscriber") whereby the Subscriber had conditionally agreed to subscribe for and the Company had conditionally agreed to allot and issue 1,400,000,000 new Shares at a price equivalent to the Placing Price.

It was also proposed that the authorised share capital of the Company be increased from HK\$20,000,000 divided into 2,000,000,000 Shares to HK\$100,000,000 divided into 10,000,000,000 Shares by the creation of an additional 8,000,000,000 Shares, which will, upon issue and being fully paid, shall rank pari passu in all respects with the Shares in issue.

As at the date of this report, the placing, subscription and increase in authorised share capital of the Company have not yet been completed.

- (b) As disclosed in the announcement of the Company dated 22 July 2015, on 22 July 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 additional 19% of the entire issued share capital (the "Acquisition") of Boxin Holdings Limited ("Boxin Holdings") from an independent third party (the "Vendor"). The total consideration for the Acquisition is HK\$34,000,000, which shall be satisfied by the Company issuing promissory note to the Vendor at the date of completion. The Company currently holds 30% of the issued share capital of Boxin Holdings and upon completion, the Company will hold 49% of the entire issued share capital of Boxin Holdings. As at the date of this report, the Acquisition has not yet been completed.

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) financing 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 community.

Financing Services

The Group commenced the provision of financing 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 engaged in trading and exchange of gold and/or silver and provides consultancy or agency services in Hong Kong through a subsidiary 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 Period was approximately HK\$9.6 million (three months ended 30 June 2014: HK\$8.1 million), representing an increase of approximately 18.5% from that of 2014. The increase in the Group's revenue during the Period was mainly due to the advertising income newly introduced to the Group since its commencement of media advertising business in November 2014.

The Group's cost of services for the Period was approximately HK\$4.1 million (three months ended 30 June 2014: HK\$5.0 million), representing a decrease of approximately 18.0% from that of 2014. The decrease was mainly due to a decrease in sub-contracting cost.

The Group's marketing, administrative and other operating expenses for the Period were approximately HK\$13.3 million (three months ended 30 June 2014: HK\$9.5 million), representing an increase of approximately 40.0% from those of 2014. The increase was mainly due to fair value loss on financial asset at fair value through profit or loss of approximately HK\$3.4 million recognised during the Period for listed securities in Hong Kong.

The Group's finance costs for the Period amounted to approximately HK\$2.6 million (three months ended 30 June 2014: HK\$0.01 million). The significant increase was mainly attributable to the effective interest expense recognised on promissory notes issued by the Company in November 2014.

Accordingly, the loss attributable to owners of the Company for the Period was approximately HK\$9.7 million (three months ended 30 June 2014: loss of HK\$5.7 million).

PROSPECT

Looking ahead, the PRC continues to report 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 the volatile financial and capital markets, 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 media advertising and financing businesses, we believe that our client base and income source would be further diversified and increased. We are optimistic about our core businesses and shall continue to capture market opportunities and enhance the quality and scope of our services in order to achieve sustainable growth and enhance the long-term benefits of our shareholders.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2015, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 Laws of Hong Kong) ("SFO")), which would have: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register as referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

(a) Long positions in the Shares

Name of Director	Nature of interests	Number of issued Shares held	Approximate percentage to the issued Shares
Mr. Ip Kwok Kwong ("Mr. Ip")	Interest of a controlled corporations	310,850,000 (Note)	36.23%

Note: 310,850,000 Shares were held by Brilliant One Holdings Limited ("Brilliant One") which was wholly-owned by GCA Professional Services Group Limited ("GCA Professional"), formerly known as Genius Ideas International Ltd. GCA Professional was owned as to 51% by Smart Pick Investments Limited ("Smart Pick"). Smart Pick was owned as to 89.61% by GC Holdings Limited ("GC Holdings") which was wholly-owned by Mr. Ip, an executive Director and the managing Director. By virtue of the SFO, Mr. Ip was deemed to be interests in all the Shares held by Brilliant One.

(b) Long positions in the shares of associated corporations

Name of Director	Name of associated corporations	Nature of interests	Number of issued shares held	Approximate percentage of interest in issued shares
Mr. Ip (<i>Note</i>)	Brilliant One	Interest in controlled corporations	200	100%
Mr. Ip (<i>Note</i>)	GCA Professional	Interest in controlled corporations	5,100	51%
Mr. Ip (<i>Note</i>)	Smart Pick	Interest in a controlled corporation	8,961	89.61%
Mr. Ip (<i>Note</i>)	GC Holdings	Beneficial owner	1	100%

Note: The Company was owned as to approximately 36.23% by Brilliant One. Brilliant One was wholly-owned by GCA Professional which was owned as to 51% by Smart Pick. Smart Pick was owned as to 89.61% by GC Holdings. GC Holdings was wholly-owned by Mr. Ip.

Save as disclosed above, as at 30 June 2015, none of the Directors or the chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to the GEM Listing Rules or to be entered in the register referred to in the SFO.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

As at 30 June 2015, the following persons/corporations (other than a Director or the chief executive of the Company) had interests or short positions in the Shares and the underlying Shares, which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and entered in the register maintained by the Company pursuant to Section 336 of the SFO:

Long positions in the Shares

Name of shareholders	Nature of interests	Number of issued Shares held	Approximate percentage to the issued Shares
Brilliant One (Note 1)	Beneficial owner	310,850,000	36.23%
GCA Professional (Note 1)	Interest in a controlled corporation	310,850,000	36.23%
Smart Pick (Note 1)	Interest in controlled corporations	310,850,000	36.23%
Easy Gain Development Limited ("Easy Gain") (Note 1)	Interest in controlled corporations	310,850,000	36.23%
GC Holdings (Note 1)	Interest in controlled corporations	310,850,000	36.23%
Mr. Wong Chi Keung ("Mr. Wong") (Note 1)	Interest in controlled corporations	310,850,000	36.23%
Orient Time Investment Limited (Note 2)	Beneficial owner	44,040,000	5.13%
China Environmental Energy Investment Limited (Note 2)	Interest in a controlled corporation	44,040,000	5.13%

Notes:

1. Brilliant One was wholly-owned by GCA Professional which was owned as to 51% by Smart Pick and 49% by Easy Gain. Smart Pick was owned as to 10.39% by Easy Gain which was wholly-owned by Mr. Wong and 89.61% by GC Holdings which was wholly-owned by Mr. Ip, an executive Director and the managing Director. Therefore, under the SFO, GCA Professional, Smart Pick, Easy Gain and GC Holdings were deemed to be interested in all the Shares held by Brilliant One and Mr. Wong was deemed to be interested in all the Shares in which Easy Gain had interest or deemed interest.
2. Orient Time Investment Limited was wholly-owned by China Environmental Energy Investment Limited.

Save as disclosed above, as at 30 June 2015, the Company had not been notified by any parties (other than a Director or the chief executive of the Company) who had interests or short positions in the Shares or underlying Shares, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register maintained by the Company pursuant to Section 336 of the SFO.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

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 the business of the Group during the Period.

PURCHASE, REDEMPTION OR SALE 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.

AUDIT COMMITTEE

The Group's unaudited condensed consolidated results for the Period and this report 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, 14 August 2015

As at the date of this report, 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; and Mr. Tso Ping Cheong, Brian (Chairman), Mr. Chu Siu Lun, Ivan and Mr. So Chung Shing as independent non-executive Directors.