

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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 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.

* For identification purpose only

The board of Directors (the “Board”) is pleased to present the annual results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 March 2014 together with comparative figures for 2013, as follows.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2014

	NOTES	2014 HK\$'000	2013 HK\$'000
Turnover	3	88,871	96,231
Cost of services		<u>(22,964)</u>	<u>(29,520)</u>
Gross profit		65,907	66,711
Other income	4	4,149	2,547
Marketing expenses		(91)	(184)
Administrative expenses		(38,679)	(36,236)
Other operating expenses		<u>(4,893)</u>	<u>(1,801)</u>
Profit from operations		26,393	31,037
Finance costs		(20)	(15)
Share of results of associates and a joint venture		(1,541)	(239)
Gain on disposal of an associate		2,460	–
Impairment of an investment in an associate		<u>(184)</u>	<u>–</u>
Profit before tax		27,108	30,783
Income tax credit/(expense)	6	<u>4,174</u>	<u>(3,854)</u>
Profit for the year attributable to owners of the Company	7	31,282	26,929
Other comprehensive income, net of tax:			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translating foreign operations		<u>(7)</u>	<u>(45)</u>
Total comprehensive income for the year attributable to owners of the Company		<u>31,275</u>	<u>26,884</u>
Earnings per share			
Basic (HK cents)	9	<u>6.25</u>	<u>5.39</u>
Diluted (HK cents)	9	<u>6.22</u>	<u>5.39</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2014

	<i>NOTES</i>	2014 HK\$'000	2013 HK\$'000
Non-current assets			
Property, plant and equipment		1,368	1,689
Investments in associates and a joint venture		–	23,588
Available-for-sale financial asset		2,241	2,241
Deposit paid for acquisition of an associate		325	–
		<u>3,934</u>	<u>27,518</u>
Current assets			
Trade receivables	10	112,920	79,159
Prepayments, deposits and other receivables		33,346	8,231
Financial asset at fair value through profit or loss		–	206
Amount due from a related party		4,080	1,370
Pledged bank deposit		1,022	1,014
Bank and cash balances		4,024	19,458
		<u>155,392</u>	<u>109,438</u>
Current liabilities			
Trade payables	11	4,820	5,082
Accruals and other payables		3,412	3,761
Amount due to a director		–	375
Obligations under finance leases		167	162
Current tax liabilities		3,029	8,731
		<u>11,428</u>	<u>18,111</u>
Net current assets		<u>143,964</u>	<u>91,327</u>
Total assets less current liabilities		<u>147,898</u>	<u>118,845</u>
Non-current liabilities			
Obligations under finance leases		–	167
NET ASSETS		<u><u>147,898</u></u>	<u><u>118,678</u></u>
Capital and reserves			
Share capital		5,018	5,000
Reserves		142,880	113,678
TOTAL EQUITY		<u><u>147,898</u></u>	<u><u>118,678</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2014

	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 2012	5,000	71,468	5,359	–	14,246	340	96,413
Total comprehensive income for the year	–	–	–	(45)	26,929	–	26,884
Recognition of share-based payments	–	–	–	–	–	373	373
Effect of forfeiture of share options granted	–	–	–	–	42	(42)	–
Share issued pursuant to exercise of share options	–	10	–	–	–	(2)	8
2012 final dividends	–	–	–	–	(5,000)	–	(5,000)
Changes in equity for the year	–	10	–	(45)	21,971	329	22,265
At 31 March 2013 and 1 April 2013	5,000	71,478	5,359	(45)	36,217	669	118,678
Total comprehensive income for the year	–	–	–	(7)	31,282	–	31,275
Recognition of share-based payments	–	–	–	–	–	85	85
Effect of forfeiture of share options granted	–	–	–	–	128	(128)	–
Share issued pursuant to exercise of share options	18	506	–	–	–	(164)	360
2013 final dividend (<i>note 8</i>)	–	–	–	–	(2,500)	–	(2,500)
Changes in equity for the year	18	506	–	(7)	28,910	(207)	29,220
At 31 March 2014	5,018	71,984	5,359	(52)	65,127	462	147,898

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 3 December 2010. The address of its registered office of the Cayman Islands is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of its principal place of business is Room 2703, 27th Floor, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong.

In the opinion of the directors of the Company, as at 31 March 2014, Brilliant One Holdings Limited, a company incorporated in the British Virgin Islands (“B.V.I.”), is the immediate parent; GC Holdings Limited, a company incorporated in the B.V.I., is the ultimate parent and Mr. Ip Kwok Kwong is the ultimate controlling party (the “Controlling Shareholder”) of the Company.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) that are relevant to its operations and effective for its accounting year beginning on 1 April 2013. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards (“HKAS”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current year and prior years except as stated below.

(a) Amendments to HKAS 1 “Presentation of Financial Statements”

Amendments to HKAS 1 titled Presentation of Items of Other Comprehensive Income introduce new terminology for statement of comprehensive income and income statement that has been applied by the Group. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements.

The amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the change. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 did not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

(b) **HKFRS 12 “Disclosure of Interests in Other Entities”**

HKFRS 12 “Disclosure of Interests in Other Entities” specifies the disclosure requirements for subsidiaries, joint arrangements and associates, and introduces new disclosure requirements for unconsolidated structured entities.

The adoption of HKFRS 12 only affected the disclosures relating to the Group’s subsidiaries, associates and joint arrangements in the consolidated financial statements. HKFRS 12 has been applied retrospectively.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position. The Group does not plan to adopt these standards prior to their mandatory effective date.

3. TURNOVER

	2014	2013
	<i>HK\$’000</i>	<i>HK\$’000</i>
Asset appraisal services income	43,092	38,629
Asset advisory services income	1,004	25,147
Corporate services and consultancy income	44,775	32,455
	88,871	96,231

4. OTHER INCOME

	2014	2013
	<i>HK\$’000</i>	<i>HK\$’000</i>
Bank interest income	11	124
Reimbursement of out-of-pocket expenses	2,347	953
Sub-leasing income	1,791	1,470
	4,149	2,547

5. SEGMENT INFORMATION

The Group has two reportable segments as follows:

- | | |
|---|--|
| Asset advisory services and asset appraisal | – Provision of asset appraisal and asset advisory services, including real estate and fixed asset appraisal, mineral property appraisal, business and intangible asset valuation, financial instrument and derivative valuation and advisory related to various types of assets in particular property in the People’s Republic of China (the “PRC”) |
| Corporate services and consultancy | – Provision of company secretarial services, human resource management and other administrative services, accounting and tax services, corporate communication and marketing services, corporate governance, internal control and enterprise risk management services, management consultancy services |

(a) Information about reportable segment profit or loss, assets and liabilities:

	Asset advisory services and asset appraisal <i>HK\$'000</i>	Corporate services and consultancy <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 March 2014			
Revenue from external customers	44,096	44,775	88,871
Intersegment revenue	1,237	9,756	10,993
Segment profit	24,389	24,519	48,908
Interest revenue	4	–	4
Depreciation	157	279	436
Staff costs	12,085	10,777	22,862
Income tax (credit)/expense	(4,941)	767	(4,174)
Additions to segment non-current assets	90	208	298
As at 31 March 2014			
Segment assets	52,092	65,736	117,828
Segment liabilities	<u>7,650</u>	<u>2,721</u>	<u>10,371</u>
	Asset advisory services and asset appraisal <i>HK\$'000</i>	Corporate services and consultancy <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 March 2013			
Revenue from external customers	63,776	32,455	96,231
Intersegment revenue	2,492	8,652	11,144
Segment profit	29,351	18,163	47,514
Interest revenue	2	–	2
Depreciation	235	224	459
Staff costs	14,008	7,963	21,971
Income tax expense	1,804	2,050	3,854
Additions to segment non-current assets	92	190	282
As at 31 March 2013			
Segment assets	51,722	36,264	87,986
Segment liabilities	<u>12,650</u>	<u>3,149</u>	<u>15,799</u>

(b) **Geographical information:**

	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue		
Hong Kong	32,164	34,724
The PRC (excluding Hong Kong)	43,473	56,926
Others	13,234	4,581
	<hr/>	<hr/>
Consolidated total	88,871	96,231
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	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets		
Hong Kong	1,148	24,999
The PRC (excluding Hong Kong)	2,307	2,280
Others	479	239
	<hr/>	<hr/>
Consolidated total	3,934	27,518
	<hr/> <hr/>	<hr/> <hr/>

In presenting the geographical information, revenue is based on the locations of the customers.

6. INCOME TAX (CREDIT)/EXPENSE

	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax – Hong Kong Profits Tax		
Provision for the year	2,102	3,649
(Over)/under-provision in prior years	(6,276)	205
	<hr/>	<hr/>
	(4,174)	3,854
	<hr/> <hr/>	<hr/> <hr/>

Hong Kong Profits Tax has been provided at a rate of 16.5% (2013: 16.5%) based on the estimated assessable profit for the year ended 31 March 2014.

Tax charges on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

7. PROFIT FOR THE YEAR

The Group's profit for the year is stated after charging/(crediting) the following:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Auditor's remuneration	450	580
Bad debts written off	31	–
Allowance for trade receivables	5,072	851
Reversal of allowance for trade receivables	(210)	(149)
Allowance for amount due from a joint venture	–	1,099
Depreciation	619	641
Directors' emoluments	3,954	4,361
Exchange loss, net	3	142
Fair value loss on an financial asset at fair value through profit or loss	206	1,263
Loss on disposals of property, plant and equipment	–	162
Impairment of an investment in an associate	184	–
Gain on disposal of an associate	(2,460)	–
Operating lease charges		
Land and buildings	6,953	5,630
Photocopier machines	82	53
	7,035	5,683
Staff costs including directors' emoluments		
Salaries, bonus and allowances	33,563	32,614
Share-based payments	85	373
Retirement benefit scheme contributions	716	745
	<u>34,364</u>	<u>33,732</u>

8. DIVIDENDS

No dividend has been declared by the Company for the year ended 31 March 2014. On 28 June 2013, the Directors proposed a final dividend of HK0.5 cent per ordinary share totalling HK\$2,500,000 for the year ended 31 March 2013. The dividend was paid on 21 August 2013.

9. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share attributable to owners of the Company for the year ended 31 March 2014 is based on the consolidated profit for the year attributable to owners of the Company of approximately HK\$31,282,000 (2013: HK\$26,929,000) and the weighted average number of ordinary shares of 500,898,137 (2013: 500,037,589) in issue during the year, and is calculated as follows:

	2014	2013
Issued ordinary shares at beginning of year	500,040,000	500,000,000
Effect of exercise of share options	<u>858,137</u>	<u>37,589</u>
Weighted average number of ordinary shares at end of year	<u><u>500,898,137</u></u>	<u><u>500,037,589</u></u>

Diluted earnings per share

For the year ended 31 March 2014, the calculation of diluted earnings per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of approximately HK\$31,282,000 and the weighted average number of ordinary shares of 502,754,742, being the weighted average number of ordinary shares of 500,898,137 in issue during the year used in the basic earnings per share calculation plus the weighted average number of ordinary shares of 1,856,605 assumed to have been issued at no consideration on the deemed exercise of the share options outstanding during the reporting period.

The Company did not have any dilutive potential ordinary shares for the year ended 31 March 2013.

10. TRADE RECEIVABLES

The Group's trading terms with customers are mainly on credit. During the year, the credit terms generally range from 7 to 30 days. However, according to past history, revenue from asset advisory and corporate consultancy services would have a longer collection period of over 180 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

The Group's aging analysis of trade receivables, based on invoice date, and net of allowance, is as follows:

	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 30 days	31,999	30,932
31 to 90 days	7,939	3,992
91 to 180 days	1,333	15,708
181 to 365 days	16,034	13,788
Over 365 days	<u>55,615</u>	<u>14,739</u>
	<u><u>112,920</u></u>	<u><u>79,159</u></u>

The Group's aging analysis of trade receivable from asset advisory and corporate consultancy services, based on invoice date, and net of allowance, is as follows:

	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 30 days	25,300	23,188
31 to 90 days	–	–
91 to 180 days	–	12,893
181 to 365 days	14,377	13,176
Over 365 days	53,257	14,415
	<u>92,934</u>	<u>63,672</u>

11. TRADE PAYABLES

The aging analysis of the Group's trade payables is as follows:

	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 90 days	4,820	5,082
	<u>4,820</u>	<u>5,082</u>

EXTRACT FROM INDEPENDENT AUDITOR'S REPORT ON THE GROUP'S CONSOLIDATED FINANCIAL STATEMENTS

Basis for qualified opinion

As set out in note 20 to the financial statements, as at 31 March 2014, trade receivables net of allowances of HK\$7,118,000 was approximately HK\$112,920,000. Included in the trade receivables before allowances were balances of approximately HK\$59,358,000, of which approximately HK\$10,415,000 and HK\$48,834,000 were aged over two years and within one to two years respectively. These balances are due from seven customers. Up to the date of this report, we have inspected settlements of approximately HK\$10,097,000 with respect to these trade receivables, of which HK\$6,000,000 are settlements for receivables aged over two years and approximately HK\$4,097,000 are settlements for receivables aged within one to two years. The Group has made allowances of approximately HK\$4,415,000 with respect to these trade receivables, representing the unsettled balances aged over two years. The total amount of trade receivables unsettled on the date of this report due within one to two years is approximately HK\$44,737,000. Since the settlements of these balances are slow, we have uncertainty about the recoverability of these trade receivables, although management is endeavouring to recover the balances due from these customers. Accordingly, we are unable to satisfy ourselves on the adequacy of the allowances made on these trade receivables as at 31 March 2014. Any adjustment to the allowance for trade receivables might have a consequential effect on the results for the year and net assets as at 31 March 2014.

Qualified opinion

In our opinion, except for the possible effects of the matter as described in the basis for qualified opinion paragraph, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2014, and of the Group's results and cash flow for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of Hong Kong Companies Ordinance.

MANAGEMENT RESPONSE TO THE MODIFIED/QUALIFIED AUDITOR'S OPINION

According to our past experience, revenue from asset advisory and corporate consultancy services would have a longer collection period. As at 31 March 2014, the trade receivables from asset advisory and corporate consultancy services aged over 180 days amounted to approximately HK\$67,634,000 (31 March 2013: approximately HK\$27,591,000) and its subsequent settlement up to the date of this announcement amounted to approximately HK\$10,097,000. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the Management with actions taken, where necessary, to facilitate subsequent settlement without undue delay.

The Management is also aware of its responsibility to prepare the published financial statements which show a true and fair view. In this aspect, the Management would make appropriate disclosure of trade receivables, including details of subsequent settlement in our future quarterly results announcement and report.

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2014 (2013: HK0.5 cent per share).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year under review, our overall services income decreased during the year as compared to last year owing to a decrease in asset advisory services income. Nevertheless our income from asset appraisal services and corporate services and consultancy increased by 11.6% and 38.0% respectively.

Our 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 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 mainly success-based and project based nature. During the year, asset advisory services income was approximately HK\$1.0 million, marking a decrease of approximately 96.0% as compared to last year. The decrease is mainly due to certain of our engagements are still underway and have not been completed at year ended date. Asset appraisal services income increased to approximately HK\$43.1 million, or increased by approximately 11.6% in 2014 as compared with last year mainly due to an increase in our client base. Consequently, our revenue from asset advisory services and asset appraisal was approximately HK\$44.1 million, representing a decrease of approximately 30.9% as compared to last year.

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, which includes company secretarial services, human resources management and administrative services, accounting and tax services, etc. Owing to our growing client base and diversifying income source, revenue generated from this segment amounted to approximately HK\$44.8 million in 2014, marking an increase of approximately 38.0% as compared to last year.

During the year, we disposed our shares (the “Disposal”) in TodayIR Holdings Limited (“TodayIR”) for a total consideration of HK\$24,500,000. The acquisition of shares of TodayIR in 2011 was primarily to create a cooperative platform through which the Company may cross sell to the client base of the TodayIR. That aim having been satisfactorily achieved and in view of the financial condition of the TodayIR, we consider that the Disposal is a good opportunity for the Company to realise its investment in TodayIR. Furthermore, the net proceeds from the Disposal can enhance the cash flow of the Company which will enable the Company to better utilise its resources to pursue business with growth potential when opportunities arise.

FINANCIAL REVIEW

Results of the Group

The Group’s revenue for the year ended 31 March 2014 was approximately HK\$88.9 million (2013: approximately HK\$96.2 million), representing a decrease of approximately 7.6% from that of 2013. The decrease in the Group’s revenue during the year was mainly attributable to decrease in asset advisory services income as described in the “Business Review” section.

The Group's cost of services mainly consists of direct labour cost and sub-contracting charges. During the year ended 31 March 2014, the Group's direct labour cost and sub-contracting charges were approximately HK\$14.0 million and HK\$4.6 million respectively (2013: approximately HK\$13.9 million and HK\$11.9 million respectively), representing an increase of approximately 0.7% and decrease by 61.3% respectively from that of 2013. The decrease in sub-contracting charges was primarily due to less engagements which required professional services provided by independent third-parties.

The Group's administrative expenses for the year ended 31 March 2014 was approximately HK\$38.7 million (2013: approximately HK\$36.2 million), representing a slight increase of approximately 6.7% from that of 2013. The increase in the Group's administrative expenses during the year was mainly due to increase in sales and administrative staff cost and rental expenses. Moreover, due to the Group's further business expansion, by setting up new offices, in overseas market, more operating expenses incurred for the year.

Profit attributable to owners of the Company for the year ended 31 March 2014 was approximately HK\$31.3 million (2013: approximately HK\$26.9 million), representing an increase of approximately 16.2% from that of 2013. The increase was mainly due to recognition of a gain on disposal of an associate and overprovision of Profits Tax in previous years amounted to HK\$2.5 million and HK\$6.2 million respectively during the year.

Foreign Currency Risk

The majority of the Group's businesses is in Hong Kong and is denominated in Hong Kong dollars, Renminbi, and United States dollars. The Group is of the opinion that its exposure to foreign exchange rate risk is limited. The Group currently does not have a foreign currency hedging policy. However, the management monitors closely foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

Liquidity and Financial Resources

As at 31 March 2014, the Group had cash and cash equivalents of approximately HK\$4 million (31 March 2013: approximately HK\$19.5 million). As at 31 March 2014, the Group had net current assets of approximately HK\$144.0 million (31 March 2013: approximately HK\$91.3 million). Current ratio as at 31 March 2014 was 14 (31 March 2013: 6).

The Group's operations and investments are financed principally by revenues generated from business operations and available bank balances. As at 31 March 2014, the Group had no borrowing and a zero gearing ratio (31 March 2013: Nil), which is defined as net debt (total borrowings net of cash and bank balances) over total equity, is resulted.

Capital Expenditure

During the year, the Group invested approximately HK\$0.3 million (2013: HK\$0.3 million) for acquisition of plant and equipment.

Capital Commitments

As at 31 March 2014, the Group did not have any significant capital commitments (31 March 2013: Nil).

Banking Facilities

As at 31 March 2014, the Group's bank deposits in the amount of approximately HK\$1.0 million (31 March 2013: HK\$1.0 million) were pledged to secure banking facilities of HK\$2.3 million granted to the Group.

Contingent Liabilities

As at 31 March 2014, the Group did not have any significant contingent liabilities (31 March 2013: Nil).

Use of Net Proceeds from the Company's Placing

During the period from 1 October 2013 to 31 March 2014 (the "Review Period"), the net proceeds from the Company's placing had been applied as follows:

	Planned use of proceeds as stated in the prospectus and updated intended use of proceeds as stated above during the review period <i>HK\$ million</i>	Actual use of proceeds during the review period <i>HK\$ million</i>
Business development		
– in asset appraisal and corporate services	–	3.29
Improvement of public awareness	0.20	0.14
Human resources deployment	1.20	2.52

Note:

The business objectives and planned use of proceeds as stated in the prospectus were based on the best estimation of the future market conditions made by the Group at the time of preparing the prospectus. The proceeds were applied in accordance with the actual development of the market. The remaining proceeds as at 31 March 2014 had been placed as interest bearing deposits in licensed banks in Hong Kong.

Comparison of Business Objectives with Actual Business Progress

An analysis comparing the business objectives as set out in the prospectus and the actual business progress during the Review Period is set out below:

Business objectives for the Review Period	Actual business progress for the Review Period
– Business development	We established a representative office in Shenzhen and set up sales offices in Shanghai and Chongqing in the PRC
– Improvement of public awareness	We invested resources in marketing activities to enhance our public awareness, including organisation of professional seminars and publication of newsletters and periodicals.
– Human resources deployment	We recruited additional professional staff to expand our services in Hong Kong and China.

Human Resources

As at 31 March 2014, the Group employed 61 (31 March 2013: 62) full-time employees including management and administrative staff. The employees' remuneration, promotion and salary increments are assessed based on both individual's and Company's performance, professional and working experience and by reference to prevailing market practice and standards. The Group regards quality staff as one of the key factors to corporate success.

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 address such challenges. Furthermore, based on our 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. As at this announcement date, our cash and bank position restores to approximately HK\$25 million from approximately HK\$4 million as at 31 March 2014. We pledge our commitment to apply the fund to finance our operations effectively and to fund any future investment opportunities. 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.

CORPORATE GOVERNANCE

The Company complied with the code provisions as set out in the Corporate Governance Code (the “CG Code”) in Appendix 15 of the GEM Listing Rules except for the following deviation:

Under the code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Company does not at present have any officer with the title of chief executive officer (the “CEO”) but instead the duties of a CEO are performed by Mr. Ip Kwok Kwong, the managing director of the Company, in the same capacity as the CEO of the Company.

Under the code provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term, subject to re-election. The term of appointment pursuant to the letters of appointment of Mr. Au-Yang Cheong Yan, Peter and Mr. Wu Chi Keung is for a period of three years till May 2014. They are currently not appointed for a specific term but they are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the articles of association of the Company.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the financial results for the year ended 31 March 2014 and discussed with the management and the auditor of the Company on the accounting principles and practices adopted by the Group, with no disagreement by the audit committee of the Company.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to our customers, shareholders, bankers, and in turn the management and staff for their unreserved support for the Group during the year.

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

Hong Kong, 24 June 2014

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 Ms. Ng See Wai, Rowena.

This announcement will remain on the website of the GEM of the Stock Exchange at 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.