



Third Quarterly Report 2012

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)

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 report, 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 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”) 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)
Turnover	2	32,263	15,105	62,768	35,638
Cost of services		(17,253)	(5,591)	(26,056)	(11,912)
Gross profit		15,010	9,514	36,712	23,726
Other incomes	2	612	835	1,851	2,494
Marketing, administrative and other operating expenses		(8,832)	(9,198)	(26,609)	(22,111)
Finance costs		(4)	(6)	(12)	(6)
Share of results of an associate		(192)	25	63	164
Profit before tax		6,594	1,170	12,005	4,267
Income tax expense	3	(643)	(415)	(1,674)	(1,361)
Profit for the period attributable to owners of the Company		5,951	755	10,331	2,906
Other comprehensive income					
Exchange differences arising on translation of foreign operations		(12)	11	(32)	14
Total comprehensive income for the period attributable to owners of the Company		5,939	766	10,299	2,920
Earnings per share					
Basic and diluted (HK cents)	4	1.19	0.15	2.07	0.62

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

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

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

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
Comprehensive income							
Profit for the period	–	–	–	–	10,331	–	10,331
Other comprehensive income							
Exchange differences arising on translation for foreign operations	–	–	–	(32)	–	–	(32)
Total comprehensive income	–	–	–	(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)	–
At 31 December 2012 (Unaudited)	5,000	71,476	5,359	(32)	19,624	568	101,995
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)
At 31 December 2011 (Unaudited)	5,000	71,468	5,359	29	3,873	–	85,729

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.

7. COMPARATIVE FIGURES (Continued)

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.

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

As at 31 December 2012, the interests and short positions of the Directors and chief executives 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 ("SFO")) which were 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 are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required 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 of HK\$0.01 each of the Company

Name of Director	Nature of interest	Number of shares held	Approximate percentage of issued share capital
Mr. Ip Kwok Kwong ("Mr. Ip") (Note 1)	Interest in controlled corporation	358,575,000	71.71%

Note:

- 358,575,000 shares are held by Brilliant One Holdings Limited ("Brilliant One") which is wholly-owned by GCA Professional Services Group Limited ("GCA Professional"), formerly known as Genius Ideas International Ltd. GCA Professional is owned as to 51% by Smart Pick Investments Limited ("Smart Pick") and 6.12% by Mr. Ip. Smart Pick is owned as to 58.76% by GC Holdings Limited ("GC Holdings") which is wholly-owned by Mr. Ip.

(b) Long positions in the shares of associated corporations

Name of Director	Name of associated corporation	Nature of interest	Number of shares held	Approximate percentage of interest in associated corporation
Mr. Ip (<i>Note 1</i>)	Brilliant One	Interest in controlled corporation	200	100%
Mr. Ip (<i>Note 1</i>)	GCA Professional	Interest in controlled corporation	5,100	51%
Mr. Ip (<i>Note 1</i>)	GCA Professional	Beneficial owner	612	6.12%
Mr. Ip (<i>Note 1</i>)	Smart Pick	Interest in controlled corporation	5,876	58.76%
Mr. Ip (<i>Note 1</i>)	GC Holdings	Beneficial owner	1	100%

Note:

1. The Company is owned as to 71.71% by Brilliant One. Brilliant One is wholly-owned by GCA Professional which is owned as to 51% by Smart Pick and 6.12% by Mr. Ip. Smart Pick is owned as to 58.76% by GC Holdings. GC Holdings is wholly-owned by Mr. Ip.

(c) Long positions in the underlying shares of the Company under equity derivatives

Name of Director	Nature of interest	Number of underlying shares held	Approximate percentage of issued share capital
Mr. Au-Yang Cheong Yan, Peter <i>(Note 1)</i>	Beneficial owner	200,000	0.04%
Mr. Wu Chi Keung <i>(Note 1)</i>	Beneficial owner	200,000	0.04%
Mr. Wan Kam To <i>(Note 1)</i>	Beneficial owner	200,000	0.04%

Note:

1. The Directors were granted options under the share option scheme of the Company on 6 January 2012 at exercise price of HK\$0.20 per share with exercisable period from 18 May 2012 to 17 May 2021.

Save as disclosed above, as at 31 December 2012, none of the Directors or chief executives 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 were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2012, the following persons had interests or short positions in the shares and underlying shares of the Company 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 were as follows:

Long positions in the shares of HK\$0.01 each of the Company

Name	Nature of interest	Number of shares held	Approximate percentage of issued share capital
Brilliant One <i>(Note 1)</i>	Beneficial owner	358,575,000	71.71%
GCA Professional <i>(Note 1)</i>	Interest in controlled corporation	358,575,000	71.71%
Smart Pick <i>(Note 1)</i>	Interest in controlled corporation	358,575,000	71.71%
Easy Gain Development Limited ("Easy Gain") <i>(Note 1)</i>	Interest in controlled corporation	358,575,000	71.71%
GC Holdings <i>(Note 1)</i>	Interest in controlled corporation	358,575,000	71.71%
Mr. Ip <i>(Note 1)</i>	Interest in controlled corporation	358,575,000	71.71%
Mr. Wong Chi Keung ("Mr. Wong") <i>(Note 1)</i>	Interest in controlled corporation	358,575,000	71.71%

Name	Nature of interest	Number of shares held	Approximate percentage of issued share capital
Golden Trump Limited (<i>Note 2</i>)	Having a security interest	358,575,000	71.71%
ADM Galleus Fund II Limited ("ADM Fund II") (<i>Note 2</i>)	Having a security interest	358,575,000	71.71%
ADM Investment Management Limited (<i>Note 2</i>)	Investment manager	358,575,000	71.71%

Notes:

1. Brilliant One is wholly-owned by GCA Professional which is owned as to 51% by Smart Pick, 42.88% by Easy Gain and 6.12% by Mr. Ip. Smart Pick is owned as to 58.76% by GC Holdings which is wholly-owned by Mr. Ip. Easy Gain is wholly-owned by Mr. Wong.
2. Golden Trump Limited is owned as to 17.86% by ADM Galleus Fund I Limited ("ADM Fund I") and 82.14% by ADM Fund II. ADM Fund I and ADM Fund II are wholly-owned by ADM Investment Management Limited.

Save as disclosed above, as at 31 December 2012, the Company had not been notified by any persons who had interests or short positions in the shares or underlying shares of the Company 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 recorded in the register maintained by the Company pursuant to Section 336 of the SFO.

INTERESTS OF OTHER PERSONS

As at 31 December 2012, other than the interests in shares of the Company and its associated corporations held by the Directors, the chief executives and the substantial shareholders of the Company stated above, there were no other persons with interests recorded in the register required to be kept by the Company under Section 336 of the SFO.

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 report, 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.