



Third Quarterly Report 2013

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”)

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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 2013, together with the comparative figures for the corresponding periods in 2012, as follows.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Three months ended 31 December		Nine months ended 31 December	
		2013 HK\$'000 Unaudited	2012 HK\$'000 Unaudited	2013 HK\$'000 Unaudited	2012 HK\$'000 Unaudited
Turnover	2	10,701	32,263	45,418	62,768
Cost of services		(4,621)	(17,253)	(16,543)	(26,056)
Gross profit		6,080	15,010	28,875	36,712
Other incomes	2	724	612	2,618	1,851
Marketing, administrative and other operating expenses		(10,356)	(8,832)	(30,561)	(26,609)
Finance costs		(11)	(4)	(17)	(12)
Share of results of associates and a joint venture		(12)	(192)	524	63
(Loss)/profit before tax		(3,575)	6,594	1,439	12,005
Income tax expense	3	(359)	(643)	(1,326)	(1,674)
(Loss)/profit for the period attributable to owners of the Company		(3,934)	5,951	113	10,331
Other comprehensive income					
Exchange differences arising on translation of foreign operations		(20)	(12)	7	(32)
Total comprehensive (loss)/income for the period attributable to owners of the Company		(3,954)	5,939	120	10,299
(Loss)/earnings per share	4				
Basic (HK cents)		(0.78)	1.19	0.02	2.07
Diluted (HK cents)		(0.78)	1.19	0.02	2.07

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 2013 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 2013 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 2013. 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	
	2013 <i>HK\$'000</i> Unaudited	2012 <i>HK\$'000</i> Unaudited	2013 <i>HK\$'000</i> Unaudited	2012 <i>HK\$'000</i> Unaudited
Turnover				
Asset appraisal services income	9,475	16,403	26,132	31,442
Asset advisory services income	28	12,813	4,680	18,669
Corporate services and consultancy income	1,198	3,047	14,606	12,657
	10,701	32,263	45,418	62,768
Other incomes				
Interest income	2	31	7	100
Others	722	581	2,611	1,751
	724	612	2,618	1,851

3. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) for the three months ended and nine months ended 31 December 2013.

	Three months ended 31 December		Nine months ended 31 December	
	2013 <i>HK\$'000</i> Unaudited	2012 <i>HK\$'000</i> Unaudited	2013 <i>HK\$'000</i> Unaudited	2012 <i>HK\$'000</i> Unaudited
Current – Hong Kong	359	643	1,326	1,674

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

4. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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	
	2013 <i>HK\$'000</i> Unaudited	2012 <i>HK\$'000</i> Unaudited	2013 <i>HK\$'000</i> Unaudited	2012 <i>HK\$'000</i> Unaudited
(Loss)/profit attributable to owners of the Company	(3,934)	5,951	113	10,331
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per shares (<i>in '000</i>)	501,390	500,040	501,228	500,038
Effect of dilutive potential ordinary shares: Options (<i>in '000</i>)	1,493	–	1,493	–
Weighted average number of ordinary shares for the purpose of diluting earnings per shares (<i>in '000</i>)	502,883	500,040	502,721	500,038

5. 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 HK\$'000	Share-based payment reserve HK\$'000	Total equity HK\$'000
At 1 April 2013 (Audited)	5,000	71,478	5,359	(45)	36,217	669	118,678
Comprehensive income							
Profit for the period	-	-	-	-	113	-	113
Other comprehensive income							
Exchange differences arising on translation for foreign operations	-	-	-	7	-	-	7
Total comprehensive income	-	-	-	7	113	-	120
Share issued under share option scheme	14	378	-	-	-	(121)	271
Equity-settled share-based payment	-	-	-	-	-	66	66
Final dividend paid in respect of the previous financial year	-	-	-	-	(2,500)	-	(2,500)
Transfer between reserves	-	24	-	-	80	(104)	-
At 31 December 2013 (Unaudited)	5,014	71,880	5,359	(38)	33,910	510	116,635
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

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the nine months ended 31 December 2013 (nine months ended 31 December 2012: 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 and project-based nature.

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 2013 was approximately HK\$45.4 million (nine months ended 31 December 2012: approximately HK\$62.8 million), representing a decrease of approximately 27.6% from that of 2012. The decrease in the Group's revenue during the period was mainly attributable to a decrease in revenue from asset advisory services due to less advisory engagements than the corresponding period in 2012 were completed and recognised as revenue in current period.

The Group's cost of services for the nine months ended 31 December 2013 was approximately HK\$16.5 million (nine months ended 31 December 2012: approximately HK\$26.1 million), representing a decrease of approximately 36.5% from that of 2012. 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 2013 was approximately HK\$30.6 million (nine months ended 31 December 2012: approximately HK\$26.6 million), representing an increase of approximately 14.9% from that of 2012. The increase was mainly due to increase in sales and administrative staff cost and rental expenses for further business expansion in overseas market.

Accordingly, the profit attributable to owners of the Company for the nine months ended 31 December 2013 was approximately HK\$0.1 million (nine months ended 31 December 2012: approximately HK\$10.3 million), representing a decrease of approximately 98.9% from that of 2012.

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. However, 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 recent business expansion 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. 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 2013, 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”) (<i>Note 1</i>)	Interest in controlled corporation	305,850,000	61%

Note:

- 305,850,000 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.

(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>)	Smart Pick	Interest in controlled corporation	8,961	89.61%
Mr. Ip (<i>Note 1</i>)	GC Holdings	Beneficial owner	1	100%

Note:

1. The Company was owned as to 61% 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.

(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%

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 2013, 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 2013, 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 of shareholder	Nature of interest	Number of shares held	Approximate percentage of issued share capital
Brilliant One (<i>Note 1</i>)	Beneficial owner	305,850,000	61%
GCA Professional (<i>Note 1</i>)	Interest in controlled corporation	305,850,000	61%
Smart Pick (<i>Note 1</i>)	Interest in controlled corporation	305,850,000	61%
Easy Gain Development Limited ("Easy Gain") (<i>Note 1</i>)	Interest in controlled corporation	305,850,000	61%
GC Holdings (<i>Note 1</i>)	Interest in controlled corporation	305,850,000	61%
Mr. Ip (<i>Note 1</i>)	Interest in controlled corporation	305,850,000	61%

Name of shareholder	Nature of interest	Number of shares held	Approximate percentage of issued share capital
Mr. Wong Chi Keung ("Mr. Wong") (Note 1)	Interest in controlled corporation	305,850,000	61%
Mr. Cheng Kam Por	Beneficial owner	35,315,940	7.04%
Tsang Ling Kay Rodney (Note 2)	Having a security interest	305,850,000	61%
Cheung Siu Fai (Note 2)	Having a security interest	305,850,000	61%
Hammer Capital Consulting Limited ("Hammer Capital") (Note 2)	Having a security interest	305,850,000	61%

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 and 89.61% by GC Holdings which was wholly-owned by Mr. Ip. Easy Gain was wholly-owned by Mr. Wong.
2. Hammer Capital was owned as to 50% by Tsang Ling Kay Rodney and 50% by Cheung Siu Fai.

Save as disclosed above, as at 31 December 2013, 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 2013, 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 2013 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 2013 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, 12 February 2014

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 and Mr. Wu Chi Keung.