

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)



2014
FIRST QUARTERLY REPORT

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 condensed unaudited consolidated results of the Company and its subsidiaries (together, the "Group") for the three months ended 30 June 2014, together with the comparative figures for the corresponding period in 2013, as follows.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Three months ended 30 June	
		2014 HK\$'000 Unaudited	2013 HK\$'000 Unaudited
Revenue	2	8,128	19,463
Cost of services		(5,034)	(5,546)
Gross profit		3,094	13,917
Other income	2	666	781
Marketing, administrative and other operating expenses		(9,466)	(9,113)
Finance costs		(2)	(3)
Share of results of an associate		–	(82)
(Loss)/profit before tax		(5,708)	5,500
Income tax expense	3	–	(835)
(Loss)/profit for the period attributable to owners of the Company		(5,708)	4,665
Other comprehensive income/(expense) <i>Item that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		8	(1)
Total comprehensive (expense)/income for the period attributable to owners of the Company		(5,700)	4,664
(Loss)/earnings per share	4		
— Basic (HK cents)		(1.14)	0.93
— Diluted (HK cents)		(1.14)	0.93

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 ended 30 June 2014 have been prepared in accordance with Chapter 18 of the GEM Listing Rules.

The Group's condensed unaudited consolidated results for the three months ended 30 June 2014 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and accounting principles generally accepted in Hong Kong. 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 2014. 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 first quarterly results are unaudited but have been reviewed by the Company's audit committee.

2. REVENUE AND OTHER INCOME

Revenue, which is also the Group's turnover, represents services income from asset appraisal services, asset advisory services, and corporate services and consultancy.

An analysis of revenue and other income are as follows:

	Three months ended	
	30 June	
	2014	2013
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Revenue		
Asset appraisal services income	7,428	7,963
Corporate services and consultancy income	700	11,500
	8,128	19,463
Other income		
Others	666	781

3. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) for the three months ended 30 June 2014 and 2013.

	Three months ended 30 June	
	2014 HK\$'000 Unaudited	2013 HK\$'000 Unaudited
Current — Hong Kong	—	835

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

4. (LOSS)/EARNINGS PER SHARE

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

	Three months ended 30 June	
	2014 Unaudited	2013 Unaudited
(Loss)/profit attributable to owners of the Company for the purpose of basic and diluted (loss)/earnings per share (HK\$'000)	(5,708)	4,665
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share (in '000)	502,234	500,040
Effect of dilutive potential ordinary shares:		
Options (in '000)	—	428
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share (in '000)	502,234	500,468

Note:

The computation of diluted loss per share for the period ended 30 June 2014 does not include the option to subscribe the Shares since their exercise would result in an anti-dilutive effect on loss per share.

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 2014 (Audited)	5,018	71,984	5,359	(52)	65,127	462	147,898
Total comprehensive expense for the period	-	-	-	8	(5,708)	-	(5,700)
Shares issued pursuant to exercise of share option	17	472	-	-	-	(157)	332
Recognition of share-based payments	-	-	-	-	-	2	2
At 30 June 2014 (Unaudited)	5,035	72,456	5,359	(44)	59,419	307	142,532
At 1 April 2013 (Audited)	5,000	71,478	5,359	(45)	36,217	669	118,678
Total comprehensive income for the period	-	-	-	(1)	4,665	-	4,664
Recognition of share-based payments	-	-	-	-	-	20	20
At 30 June 2013 (Unaudited)	5,000	71,478	5,359	(46)	40,882	689	123,362

6. EVENT AFTER THE REPORTING PERIOD

As disclosed in the announcement and prospectus of the Company dated 16 July 2014 and 6 August 2014 respectively in relation to an open offer on the basis of one offer share for every two existing shares of the Company (the "Open Offer"), the gross proceeds of the Open Offer will be approximately HK\$50.5 million before expenses and the estimated net proceeds of the Open Offer will be approximately HK\$48.0 million. As at the date of this report, the Open Offer has not yet been completed.

As disclosed in the announcement of the Company dated 12 August 2014, Zhong Nan Investments Limited, a wholly-owned subsidiary of the Company entered into a conditional sale and purchase agreement on 12 August 2014 in relation to an acquisition of 30% equity interests in Boxin Bullion Company Limited (the "Acquisition"), subsidiary of which mainly engages in business of trading and exchange of gold and silver in Hong Kong. The total consideration for the Acquisition shall be HK\$39,000,000, which shall be satisfied by the allotment and issue, credited as fully paid, of shares of the Company on the date of completion. As at the date of this report, the Acquisition has not yet been completed.

INTERIM DIVIDEND

The Board does not declare the payment of an interim dividend for the three months ended 30 June 2014 (three months ended 30 June 2013: 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 mainly focuses on 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 three months ended 30 June 2014 was approximately HK\$8.1 million (three months ended 30 June 2013: approximately HK\$19.5 million), representing a decrease of approximately 58% from that of 2013. The decrease in the Group's revenue during the period was mainly due to decrease in revenue from corporate services and consultancy segment resulted from certain of the Group's projects are still underway and have not been completed during the period.

The Group's cost of services for the three months ended 30 June 2014 was approximately HK\$5.0 million (three months ended 30 June 2013: approximately HK\$5.5 million), representing a decrease of approximately 9% from that of 2013. The decrease was mainly due to decrease in sub-contracting cost.

The Group's marketing, administrative and other operating expenses for the three months ended 30 June 2014 was approximately HK\$9.5 million (three months ended 30 June 2013: approximately HK\$9.1 million), representing an increase of approximately 4% from that of 2013. The increase was mainly due to the Group's further business expansion, by setting up new offices, in overseas market, more operating expenses incurred for the period.

Accordingly, the loss attributable to owners of the Company for the three months ended 30 June 2014 was approximately HK\$5.7 million (three months ended 30 June 2013: profit of approximately HK\$4.7 million).

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 confront such challenges. Furthermore, based on our recent 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. 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 EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2014, the interests and short positions of the Directors and 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 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 of HK\$0.01 each of the Company (the "Shares")

Name of Directors	Nature of interests	Number of Shares held	Approximate percentage of issued share capital
Mr. Ip Kwok Kwong ("Mr. Ip")	Interest in a controlled corporation	305,850,000 (Note 1)	60.74%
Mr. Au-Yang Cheong Yan, Peter ("Mr. Au-Yang") (Note 2)	Beneficial owner	200,000	0.04%
Mr. Wu Chi Keung ("Mr. Wu") (Note 2)	Beneficial owner	200,000	0.04%

Notes:

- 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, an executive Director and the managing director. By virtue of the SFO, Mr. Ip was deemed to have interests in all the Shares held by Brilliant One.
- Mr. Au-Yang and Mr. Wu resigned as independent non-executive Directors with effect from 2 July 2014.

(b) Long positions in the shares of associated corporations

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

Note: The Company was owned as to approximately 60.74% 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 2014, none of the Directors or 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 or to be entered in the register referred to in the SFO.

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

As at 30 June 2014, 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

Name of shareholder	Nature of interests	Number of Shares held	Approximate percentage of issued share capital
Brilliant One (Note)	Beneficial owner	305,850,000	60.74%
GCA Professional (Note)	Interest in a controlled corporation	305,850,000	60.74%
Smart Pick (Note)	Interest in controlled corporations	305,850,000	60.74%
Easy Gain Development Limited ("Easy Gain") (Note)	Interest in controlled corporations	305,850,000	60.74%
GC Holdings (Note)	Interest in controlled corporations	305,850,000	60.74%
Mr. Ip (Note)	Interest in controlled corporations	305,850,000	60.74%
Mr. Wong Chi Keung ("Mr. Wong") (Note)	Interest in controlled corporations	305,850,000	60.74%

Note: Brilliant One was wholly-owned by GCA Professional which was owned as to 51% by Smart Pick, 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.

Save as disclosed above, as at 30 June 2014, the Company had not been notified by any parties (other than the Directors or chief executive of the Company) 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 required to be recorded in the register maintained by the Company pursuant to Section 336 of the SFO.

INTERESTS OF OTHER PERSONS

As at 30 June 2014, other than the interests in shares of the Company and its associated corporations held by the Directors, the chief executive 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 associates as defined in the GEM Listing Rules had any interest in business that competed or might compete with the business of the Group during the period under review.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company did not redeem any of its Shares listed in GEM nor did the Company or any of its subsidiaries purchase or sell any of such Shares during the period under review.

AUDIT COMMITTEE

The Group's condensed unaudited consolidated results for the three months ended 30 June 2014 have been reviewed by the audit committee of the Company, which was of the opinion that such results have been prepared in compliance with the applicable accounting standards and that adequate disclosures have been made.

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

Hong Kong, 14 August 2014

As at the date of this report, the executive Director is Mr. Ip Kwok Kwong and the independent non-executive Directors are Mr. Tso Ping Cheong, Brian, Mr. Yip Chung Wai, David and Ms. Ng See Wai, Rowena.