GREATWALLE INC.
長城匯理公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 08315)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2019

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on 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.*

The board (the "**Board**") of directors (the "**Directors**") of Greatwalle Inc. (the "**Company**") is pleased to announce the audited results of the Company and its subsidiaries (the "**Group**") for the year ended 31 March 2019. This announcement complies with the relevant requirements of the GEM Listing Rules on the GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") in relation to information to accompany preliminary announcement of annual results.

By order of the Board
Greatwalle Inc.
Pang Xiaoli
Chairman and Executive Director

Hong Kong, 18 June 2019

As at the date of this announcement, the executive Directors are Ms. Pang Xiaoli, Mr. Hon Hoi Chuen, Ms. Lin Shuxian and Mr. Li Mingming; and the independent non-executive Directors are Ms. Guan Yan, Mr. Zhao Jinsong and Mr. Li Zhongfei.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication and on the Company's website at www.kingforce.com.hk.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

For the year ended 31 March 2019 (the "**Reporting Period**"), the Group recorded a total revenue of approximately HK$36,902,000 as compared with approximately HK$111,807,000 for the same period of 2018. The decrease in revenue was mainly due to (i) the decrease in the number of manned security guarding service contracts by approximately 58.4%; and (ii) the general decrease in the service fees charge by the Group as a result of keen competition in the market; which was partially offset by (iii) the recognition of the service income of the provision of Business Advisory and Management Services of approximately HK$691,000. For the year ended 31 March 2019, loss attributable to owners of the Company increased to approximately HK$85,171,000 as compared with the loss of approximately $74,705,000 for the same period in 2018. The increase in the Group's loss was mainly due to (i) the decrease in the Group's gross profit resulting from the decrease in the number of manned security guarding service contracts and the general increase in the guard costs; (ii) the impairment loss on interests in associates due to the suspension of issuance of new mobile game launching approvals by the relevant Government departments of the PRC starting from the end of March 2018 has caused significant negative impact to the mobile game industry in the PRC as new mobile games could not be launched and hence money could not be received from paying players; moreover, the regulatory practices of mobile game industry in the PRC has become more restrictive making the operating environment uncertain, risky and difficult to Magn Investment and its associated companies and therefore, the future profitability and hence expected future cash inflows are significantly and negatively impacted; (iii) the recognition of impairment loss on loan to an associate and amount due from an associate after reviewing the financial status of the associated company resulting from lagged behind the expected performance as mentioned above; (iv) the recognition of impairment loss of goodwill which arose from the unfavourable changes in the business and operation environmental of e-Education CGU and its business plan in which the Group did not carry out this business as previously planned; (v) the write-off of certain intangible assets, including certain software and platform, and certain mobile game licenses, due to the suspension of issuance of new mobile game launching approvals by the relevant Government departments of the PRC starting from the end of March 2018 has caused significant negative impact to the mobile game industry in the PRC as new mobile games could not be launched and hence money could not be received from paying players. Moreover, the regulatory practices of mobile game industry in the PRC has become more restrictive making the operating environment uncertain, risky and difficult to game publishers, operators and developers; (vi) the increase in finance costs related to the accrued interest of the promissory note. The increase in the Group's loss was partially offset by the decrease in impairment loss on goodwill which arose from the acquisition of China Bei Dou Communications Technology Group Limited ("**China Bei Dou**") in 2016 and an absence of the recognition of impairment loss on certain mobile game licenses.

BUSINESS REVIEW AND PROSPECTS

For the year ended 31 March 2019, the Group engaged in (i) the provision of manned security guarding services (the "**Manned Security Guarding Services**"); (ii) the provision of business advisory and management services through Shenzhen Jiuli Investment Advisory Co., Ltd.* ("**Shenzhen Jiuli**"), an indirectly wholly-owned subsidiary of the Company (the "**Business Advisory and Management Services**"); (iii) the provision of mobile games through Magn Investment Limited ("**Magn Investment**"), an associated company of the Group (the "**Mobile Gaming Business of an Associated Company**"); (iv) the provision of mobile games to the overseas markets through Guanhui Huyu Technology (Hong Kong) Limited ("**Guanhui Huyu**"), an indirect wholly-owned subsidiary of the Company (the "**Mobile Gaming Business**"); and (v) the provision of e-Education and security services (the "**e-Education**") through China Bei Dou, an indirect subsidiary of the Company.

Manned Security Guarding Services

The Group is a manned security guarding services provider and is licensed to provide security guarding services in Hong Kong under Type I security work in accordance with the Security Company License regime. The Group operates under the name "**KING FORCE**" and the services it offers aim to protect the safety of its customers, properties and assets and to maintain order in private events. The Manned Security Guarding Services offered by the Group include patrolling, access controlling at the lobby entrance, making entrance records of visitors and stopping trespassers, handling and reporting complaints. The Group also provides guarding and personal escorting services and crowd management services in various events, occasions, exhibitions, ceremonies and press conferences. With over ten years of experience in providing manned security guarding services, the Group has established goodwill in its Manned Security Guarding Services. The Group is dedicated to providing quality manned security guarding services and is accredited with ISO 9001:2008 (quality management system standard) for its design and provision of security guarding services awarded by the Hong Kong Quality Assurance Agency. To ensure its quality of services, the Group provides guidance and trainings to its security guards and conducts supervision on its security guards. With continued effort, the Group has established a broad customer base. For the year ended 31 March 2019, the Group had 97 customers, including property management companies, schools, warehouse operators, property redevelopers and construction companies.

Since Greatwalle Holding Limited became the controlling Shareholder (as defined under the GEM Listing Rules) of the Company, the Group has established another operating platform in the PRC, Shenzhen Guanhui Jiye Property Management Limited*, an indirect wholly-owned subsidiary of the Company, to leverage on the number of real estate company investors of the controlling Shareholder and its large customer base for security service with an aim to gradually expand into the PRC market.

Business Advisory and Management Services

As a renowned merger and acquisition (M&A) fund management institution in the PRC, Shenzhen Great Walle Investment Corp., Ltd.* ("**Great Walle Investment**"), the controlling Shareholder (as defined under the GEM Listing Rules) of the Group, possesses good management capability and investment track record. The core management team of Great Walle Investment consists of the earliest people working in M&A fund management business in the PRC. It has also developed a systematic investment strategy, a good talent pool and a sound governance system. The historical scale of Great Walle Investment's fund management business exceeds RMB4.5 billion, and all exit projects have yielded an internal rate of return of over 30% in investment revenue, which is among the best in the industry.

* *For identification purpose only*

After becoming the controlling Shareholder of the Group, Great Walle Investment is gradually leveraging on its resource advantage and core capability in M&A fund management to foster the growth of the business advisory businesses and management services of the Group, and is continuously enhancing its sustainable development capacity through asset management, investment and management of its own funds, and the provision of financial services business such as investment banking, business advisory and financial management services to other asset management institutions.

Shenzhen Jiuli entered into the advisory service agreement with Great Walle Capital Management Co. Ltd.* ("**Great Walle Capital Management**"), a company established in Shenzhen with limited liability and is a qualified private equity investment fund manager licensed by Asset Management Association in China, pursuant to which Shenzhen Jiuli shall provide business advisory and management services to Great Walle Capital Management in relation to its private equity fund manger business. The management team of the Company is well experienced in fund operation and corporate management, and it is anticipated that their experience in the fund industry shall facilitate the Group's business diversification as well as expanding its business into financial service sector. The provision of the business advisory and management services by the Group shall provide an opportunity to the Group to enter the business advisory and consultation industry, as well as realising its long term development strategy of business diversification and benefit from the rapid growth of the Chinese financial industry, so as to create value for the shareholders of the Company.

Mobile Gaming Business of an Associated Company

Magn Investment, an associated company of the Group in which the Company holds 45% equity interest, is an investment holding company of Magn Media (China) Holdings Limited, which is principally engaged in the research and development of computer and mobile softwares, including security software, advertisement sale management software, gaming platform operation software, payment software and office software; and operation of gaming products in the People's Republic of China (the "**PRC**") through variable interest entities controlled by MAGN Classic Technology Co., Limited* (深圳市新動經典科技有限公司) ("**MAGN Classic Technology**"), an indirect wholly-owned subsidiary of Magn Investment, through the VIE Contracts (the "**VIE**") arrangement.

The Mobile Gaming Business of an Associated Company did not perform well due to the intense market competition resulting from the suspension of issuance of new mobile game launching approvals by the relevant Government departments of the PRC starting from the end of March 2018 has caused significant negative impact to the mobile game industry in the PRC as new mobile games could not be launched and hence money could not be received from paying players; moreover, the regulatory practices of mobile game industry in the PRC has become more restrictive making the operating environment uncertain, risky and difficult to Magn Investment and its associated companies and therefore, the future profitability and hence expected future cash inflows are significantly and negatively impacted. As a result, due to a significant market downturn in the industry and uncertain government policies that led to decrease in cash inflows, the Group had made an impairment loss of approximately HK$16,450,000 (2018: approximately HK$1,700,000) in respect of the carrying amount of the goodwill of the interests in associates, which was arising from the acquisition of 45% equity interest of Magn Investment in 2015.

* *For identification purpose only*

Mobile Gaming Business

Guanhui Huyu, was principally engaged in the mobile gaming business targeted at the overseas markets. It adheres to the idea of launching games for players and to focus on the mobile online gaming business and is committed to developing a global popular brand for game publishing among global players. Due to the suspension of issuance of new mobile game launching approvals by the relevant Government departments of the PRC starting from the end of March 2018 has caused significant negative impact to the mobile game industry in the PRC as new mobile games could not be launched and hence money could not be received from paying players. Moreover, the regulatory practices of mobile game industry in the PRC has become more restrictive making the operating environment uncertain, risky and difficult to game publishers, operators and developers, the Group wrote off the carrying amount of certain mobile game licenses in this segment of approximately HK$13,237,000 (2018: approximately HK$2,447,000). For the year ended 31 March 2019, the Group did not derive any revenue from this segment.

e-Education

In line with the development of its security business, through China Bei Dou, the Group is committed to the development of its business in the education and security industry and the development of innovative applications in "dynamic face recognition system + Bei Dou positioning technology + Internet + education". The Group is dedicated to enhancing campus security through dynamic face recognition technology and Bei Dou positioning, connecting school and home through Internet applications, and providing one-stop integrated education services to schools, teachers, students and parents through the integration of educational resources. For the year ended 31 March 2019, the Group did not derive any revenue from this segment. The goodwill of this segment is fully impaired by approximately HK$5,255,000 (2018: partially impaired by approximately HK$31,000,000) which was charged to profit or loss in the current year. The above impairment loss is mainly attributable to unfavourable changes in risks associated with the business and operation of e-Education CGU and its business plan in which the Group did not carry out this business as previously planned. For details of the development of the "E-Education" business of the Group, please refer to the paragraph headed "Significant events during the year ended 31 March 2019" of this announcement.

SIGNIFICANT EVENTS DURING THE YEAR ENDED 31 MARCH 2019

Change of Controlling Shareholder and Directors

On 29 April 2018, Greatwalle Holding Limited (the "**Offeror**") and the Company jointly made an announcement in connection with: (1) the sale and purchase of shares of the Company, (2) possible mandatory conditional cash offers (the "**Offers**") by Emperor Securities Limited for and on behalf of the Offeror for all the issued shares in the share capital of the Company (other than those already owned by the Offeror and parties acting in concert with it) and to cancel all outstanding share options of the Company. The composite offer document and the acceptance forms in connection with the Offers were despatched on 31 May 2018. The Offers were declared unconditional in all respects on 10 July 2018, and the Offers were closed on 24 July 2018.

With effect from 12 July 2018,

(i) each of Mr. Cheng Rui, Ms. Li Liping and Mr. Chen Yunchuo has resigned as an executive Director. Mr. Chen Yunchuo has ceased to be the chairman of the Board and compliance officer of the Company;

(ii) each of Mr. Xiong Hong, Mr. Wan Tat Wai David and Mr. Ho Yuk Ming Hugo has resigned as an independent non-executive Director;

(iii) each of Ms. Pang Xiaoli ("**Ms. Pang**"), Mr. Hon Hoi Chuen and Ms. Lin Shuxian has been appointed as an executive Director. Ms. Pang has been appointed as the chairman of the Board and the compliance officer of the Company;

(iv) each of Ms. Guan Yan ("**Ms. Guan**"), Mr. Zhao Jinsong ("**Mr. Zhao**") and Mr. Li Zhongfei ("**Mr. Li**") has been appointed as an independent non-executive Director;

(v) Mr. Wong Ka Shing has resigned from his position as the company secretary of the Company and Ms. Lam Yuen Ling Eva has been appointed as the company secretary of the Company; and

(vi) Mr. Chen Yunchuo and Mr. Li Mingming ceased to be the authorised representatives of the Company for the purpose of the Rule 5.24 of the GEM Listing Rules, and Ms. Pang and Mr. Hon Hoi Chuen were appointed as the authorised representatives of the Company for the purpose of Rule 5.24 of the GEM Listing Rules.

Following the change of Directors as mentioned above,

(i) the audit committee of the Company (the "**Audit Committee**") comprises Mr. Zhao, Mr. Li and Ms. Guan. Mr. Zhao acts as the chairman of the Audit Committee;

(ii) the remuneration committee of the Company (the "**Remuneration Committee**") comprises Mr. Zhao, Mr. Li and Ms. Guan. Mr. Li acts as the chairman of the Remuneration Committee; and

(iii) the nomination committee of the Company (the "**Nomination Committee**") comprises Ms. Pang, Mr. Zhao and Mr. Li. Ms. Pang acts as the chairman of the Nomination Committee.

As at 24 July 2018, being the date on which the Offers were closed, the Offeror together with parties acting in concert with it held an aggregate of 4,611,626,154 shares, representing approximately 56.18% of the total number of then issued shares of the Company. For details, please refer to the announcement jointly issued by the Company and the Offeror dated 24 July 2018.

Change of Company Name and Share Consolidation

On 20 April 2018, an extraordinary general meeting of the Company was held, in which the proposed share consolidation and the proposed change of company name (details of which were contained in the Company's circular dated 29 March 2018) was not approved by the then shareholders of the Company.

Reference is made to the announcements of the Company dated 7 August 2018, 4 September 2018 and 23 October 2018 and the circular of the Company dated 9 August 2018, in relation to, among other things, (i) the proposed share consolidation involving the consolidation of every ten (10) issued and unissued existing shares with a par value of HK$0.001 each into one (1) consolidated share with a par value of HK$0.01 each (the "**Share Consolidation**"); and (ii) the proposed change of the English name of the Company from "King Force Group Holdings Limited" to "Greatwalle Inc." and the Chinese name of the Company from "冠輝集團控股有限公司" to "長城匯理公司" (the "**Change of Company Name**"). As announced in the Company's announcement dated 4 September 2018, the proposed Share Consolidation, Change of Company Name and the amendments to and restatement of the Company's memorandum and articles of association were approved by the Company's shareholders on 4 September 2018. The Share Consolidation became effective on 5 September 2018, the Change of Company Name became effective on 14 September 2018 and the memorandum and articles of association of the Company had been amended and restated after the Change of Company Name.

Grant of Share Options

On 14 December 2018, the Company granted 51,716,661 share options (the "**Share Options**") to individuals under the share option scheme adopted by the Company on 31 July 2014 (the "**Share Option Scheme**"). The Share Options entitle the grantees to subscribe for a total of 51,716,661 new shares of HK$0.01 each in the share capital of the Company. For details, please refer to the announcement of the Company dated 14 December 2018.

Legal Proceedings

(i) On 18 January 2018, the Company received the judgement granted by the Zhongshan First People's Court (the "**Court**") in favour of Zhongshan Bei Dou Education Technology Limited* (中山北斗教育科技有限公司) ("**Bei Dou Zhongshan**"), an indirectly owned subsidiary of the Company, which, among others, Bei Dou Jiuyi Information Technology Industry (Beijing) Limited* (北斗九億信息科技產業(北京)有限公司) ("**Bei Dou Jiuyi**"), an independent third party of the Company, shall, within seven days from the effective date of the judgement, return the consideration under the cooperation agreement in the amount of RMB15,000,000 together with the interests accrued thereon to Bei Dou Zhongshan (the "**Compensation**") and the court fees in the amount of RMB111,800 shall also be borne by Bei Dou Jiuyi.

As at November 2018, Bei Dou Zhongshan had not yet received the Compensation that was awarded by the Court despite the Group's repeated demands. In order to safeguard the legitimate rights and interests of the Group, the Group procured Bei Dou Zhongshan to commence formal enforcement proceedings against Bei Dou Jiuyi. Bei Dou Zhongshan informed the Company that the Court acknowledged Bei Dou Zhongshan's application on 9 November 2018, the acknowledgement of which was received by Bei Dou Zhongshan on 12 November 2018. For further details, please refer to the Company's announcement of the Company dated 13 November 2018.

(ii) Bei Dou Zhongshan, as the plaintiff, has filed a civil lawsuit against Lin Keliang (林克亮) ("**Lin Keliang**"), a minority shareholder of Bei Dou Zhongshan, in the Court for the non-fulfilment of its capital contribution obligation, and has sought an order from the Court ordering Lin Keliang to pay the registered capital of RMB4,200,000. On 21 January 2019, a notice of case acceptance issued by the Court was received by Bei Dou Zhongshan.

(iii) An application for property preservation was submitted to the Court on 14 February 2019, requesting for property preservation measures against all properties under the name of Lin Keliang to the amount of RMB4,200,000. On 28 March 2019, the Company was informed that the Court has granted a civil judgement on 15 February 2019, which was served to Bei Dou Zhongshan on 15 March 2019, to seize the share of estates under the name of Lin Keliang to the amount of RMB4,200,000 for a period of three years from 21 February 2019.

Rights Issue

On 6 March 2019, the Company conducted the rights issue (the "**Rights Issue**") to raise approximately HK$41.5 million before expenses by issuing up to 414,554,218 rights shares at the subscription price of HK$0.10 per rights share on the basis of one (1) rights share for every two (2) shares held by the qualifying shareholders. The Rights Issue was fully subscribed and completed on 29 March 2019 and approximately HK$40.6 million of net proceeds was received by the Company. For detailed breakdown and description of the intended use of proceeds, please refer to the announcements of the Company dated 20 February 2019 and 28 March 2019 and the prospectus of the Company dated 7 March 2019. As at 31 March 2019, the Company has not utilised any of the net proceeds of the Rights Issue and such funds are held as deposits with a licensed bank.

Saved as disclosed in this announcement, the Directors are not aware of any significant event requiring disclosure that has taken place during the year ended 31 March 2019.

MATERIAL ACQUISITION, DISPOSAL AND SIGNIFICANT INVESTMENT

Save as disclosed in this announcement, the Group did not have any other material acquisition or disposal and significant investment during the year ended 31 March 2019.

OUTLOOK

The Group intends to achieve expansion in business, in particular the number of fixed manned security contracts which provide stable and regular income streams, with a strategy of ensuring that a quality pool of guards are available at their expense, broadening its customer base with improved branding and image of the Group, and increasing its profitability of all types of services provided by way of better pricing due to higher service quality.

However, labour market competition has intensified with the implementation of the statutory minimum wage in Hong Kong. The Group is also facing higher labour turnover rate in the manned security guarding services industry due to keen labour market competition in the industry. To offset the increase in labour costs, the Group is striving to transfer most of the increased labour costs to our customers and implement more efficient work flows and more stringent cost control procedures. The Group is closely monitoring the labour turnover rate and regularly reviews our remuneration package in order to maintain sufficient labour force and cope with the changing environment.

On 24 July 2018, the cash offers made by the Offeror to the Group were closed. Great Walle Investment, the controlling shareholder of the Offeror, operates investment businesses in the PRC. It also engaged in the provision of entrusted asset management services and investment management services through its subsidiaries in the PRC. Leveraging on the experience of the new controlling shareholder of the Group in the fund investment industry, the Group shall explore the business opportunities of investment industry in the future.

Since May this year, the Group has expanded its asset management professional team at a larger scale. Overall, the asset management team has more than 80 members, consisting of professionals who have proven and excellent management experience in foreign investment banks, Chinese banks and large state-owned enterprises. The Group will endeavour to develop asset management and business advisory related businesses, establish sound asset management ecosystem, create positive interactions between financial businesses within the Group, continue to strengthen the sustainable development capacity of the Group and increase profitability of the Group.

We will continue to develop and upgrade our products and services with a generic growth of the business in order to broaden our income sources. The Group will continue to deploy appropriate operation strategies to meet the challenges posted by the competitive market to improve the performance and maximise the returns of shareholders as a whole.

FINANCIAL REVIEW

Revenue

For the years ended 31 March 2018 and 2019, the Group's revenue was generated from the provision of Manned Security Guarding Services in Hong Kong. The following table sets forth the breakdown of the Group's revenue by types of contracts for the years ended 31 March 2018 and 2019:

	Year ended 31 March			
	2019		2018	
	HK$'000	**Percentage**	*HK$'000*	Percentage
Manned Security Guarding Services				
– Fixed	**25,636**	**69.5%**	95,438	85.4%
– Temporary	**286**	**0.8%**	2,684	2.4%
– Event	**10,289**	**27.8%**	13,685	12.2%
	36,211	**98.1%**	111,807	100%
Provision of Business Advisory and Management Services	**691**	**1.9%**	–	–
Total	**36,902**	**100%**	111,807	100%

Note: Fixed positions refer to contracts for terms over six months while for temporary positions, they refer to contracts for terms less than six months.

The Group's overall revenue decreased by approximately HK$74,905,000 or 67.0% from approximately HK$111,807,000 for the year ended 31 March 2018 to approximately HK$36,902,000 for the year ended 31 March 2019. The decrease in revenue was mainly due to (i) the decrease in the number of manned security guarding service contracts by approximately 58.4%; and (ii) the general decrease in the service fees charge by the Group as a result of keen competition in the market; which was partially offset by (iii) the recognition of the service income of the provision of Business Advisory and Management Services of approximately HK$691,000.

Cost of services rendered

For the year ended 31 March 2018 and 2019, the cost of services rendered, which mainly consists of direct guard cost, was approximately HK$97,355,000 and HK$38,327,000, respectively representing approximately 87.1% and 103.9% of the Group's revenue, respectively. Such increase in percentage was primarily attributable to the general increase in the guard costs in the market.

As at 31 March 2019, the Group had a total of 380 employees, of which 343 were full-time and part-time guards providing manned security guarding and related services.

Gross (loss)/profit

The Group's gross loss for the year ended 31 March 2019 was approximately HK$1,425,000, as compared with the gross profit of approximately HK$14,452,000 in the same period last year. The change from a gross profit to a gross loss position was mainly due to (i) the general decrease in the number of manned security guarding service contracts and the service fees as a result of keen competition in the market; and (ii) the general increase in the guard costs in the market as discussed above.

Other income and losses, net

The Group's other net income was approximately HK$2,365,000, as compared with the other net losses of approximately HK$267,000 for the same period in 2018. The change to net other income for the year ended 31 March 2019 was mainly attributable to (i) an absence of the recognition of loss on change in fair value on financial asset at fair value though profit or loss for a contingent receivable arising from the acquisition of China Bei Dou related to the profit guarantee of approximately HK$2,200,000 and (ii) the recognition of bad debt recovery of approximately HK$448,000 income for the year ended 31 March 2019.

Administrative expenses

The Group's administrative expenses decreased by approximately HK$4,986,000 or 11.2% from approximately HK$44,639,000 for the year ended 31 March 2018 to approximately HK$39,653,000 for the year ended 31 March 2019. The decrease in the Group's administrative expenses was mainly due to (i) the decrease in amortization of intangible assets and depreciation of property, plant and equipment; (ii) the decrease in salaries, allowances and benefits in kind resulting from the declining scale of operations of security guarding segment. The decrease in the Group's administrative expenses was partially offset by the increase in the legal and professional fees in relation to the mandatory conditional cash offers completed during the Reporting Period.

Impairment loss of goodwill

The Group is of the opinion, based on the impairment assessment of the e-Education CGU, the education and security system for protection of the students' safety in the PRC, the goodwill allocated to e-Education segment is fully impaired by approximately HK$5,255,000 (2018: approximately HK$31,000,000) in respect of the carrying amount of the goodwill which arose from the acquisition of China Bei Dou in 2016, it is mainly due to unfavourable changes in the business and operation environment of e-Education CGU and its business plan in which the Group did not carry out this business as previously planned.

Impairment loss of other intangible assets

With reference to the valuation reports issued by an independent external valuer, the Directors have made a one-off impairment loss of approximately HK$3,700,000 for the year ended 31 March 2018 (2019: nil) in respect of the carrying amount of intangible assets – mobile game licenses in the mobile game segment as a result of number of expected paying players of these games not achieving expected level.

Impairment loss on prepayments and receivables/loan

The Group's impairment loss on prepayments and receivables/loan is mainly attributable to (i) the one-off impairment loss on loan to an associate of approximately HK$3,539,000 (2018: nil) and amount due from an associate of approximately HK$150,000 (2018: nil) after reviewing the financial status of the associated company, in which the associate was suffered from a significant market downturn in the gaming industry and uncertain government policies on its gaming business; (ii) the one-off impairment loss on amount due from a non-controlling equity holder of a subsidiary of approximately HK$2,004,000 (2018: nil) in relation to the equity holder of an indirect subsidiary of the Company of the e-Education segment; and (iii) the recognition of impairment loss on prepayments and other receivables of approximately HK$2,788,000 (2018: approximately HK$420,000).

Write-off of other intangible assets

The Group's write-off of other intangible assets is mainly attributable to (i) the Company wrote-off the carrying amount of certain mobile game licenses in the mobile segment of approximately HK$13,237,000 (2018: approximately HK$2,447,000) mainly due to the suspension of issuance of new mobile game launching approvals by the relevant Government departments of the PRC starting from the end of March 2018 has caused significant negative impact to the mobile game industry in the PRC as new mobile games could not be launched and hence money could not be received from paying players. Moreover, the regulatory practices of mobile game industry in the PRC has become more restrictive making the operating environment uncertain, risky and difficult to game publishers, operators and developers; (ii) the Company fully wrote-off the carrying amount of the Bei Dou Qualification franchised from Bei Dou Jiuyi of approximately HK$12,030,000 for the year ended 31 March 2018 (2019: nil) as a result of the Court order to rescind the business cooperation agreement between Bei Dou Zhongshan and Bei Dou Jiuyi; (iii) the Company wrote-off certain software and platform of e-Education segment with the carrying amount of approximately HK$4,000,000 (2018: nil) because the platform became unaccessible by the Group as the developers of the platform which were also engaged to maintain the platform have closed down for the year ended 31 March 2019.

Share of result of associates and impairment loss on interests in associates

Due to the Group's share of losses of its associate exceeding the Group's interest in its associate, the Group discontinues recognising its share of further losses for the year ended 31 March 2019 (2018: approximately HK$33,000). Also, an one-off impairment loss on interests in associates of approximately HK$16,450,000 (2018: approximately HK$1,700,000) has been made due to the suspension of issuance of new mobile game launching approvals by the relevant Government departments of the PRC starting from the end of March 2018 has caused significant negative impact to the mobile game industry in the PRC as new mobile games could not be launched and hence money could not be received from paying players; moreover, the regulatory practices of mobile game industry in the PRC has become more restrictive making the operating environment uncertain, risky and difficult to Magn Investment and its associated companies and therefore, the future profitability and hence expected future cash inflows are significantly and negatively impacted.

Finance costs

The Group's finance costs increased by approximately HK$1,319,000 or 135.3% from approximately HK$975,000 for the year ended 31 March 2018 to HK$2,294,000 for the year ended 31 March 2019. The increase in the finance costs was mainly due to the increase in accrued interest on a promissory note for the year ended 31 March 2019.

Income tax credit/expenses

The Group had income tax expenses of approximately HK$43,000 for the year ended 31 March 2019, as compared with the income tax credit of approximately HK$788,000 for the same period in 2018. The income tax expenses for the year ended 31 March 2019 is attributable to the provision of PRC Enterprise Income Tax derived from the Business Advisory and Management Services segment. The income tax credit for the year ended 31 March 2019 was mainly due to the overstated of income tax expenses in prior year and recognition of deferred tax credit for the same period in 2018.

Loss for the period

Loss attributable to owners of the Company for the year ended 31 March 2019 was approximately HK$85,171,000 as compared with the loss of approximately HK$74,705,000 for the same period in 2018. The increase in the Group's loss was mainly due to (i) the decrease in the Group's gross profit resulting from the decrease in the number of manned security guarding service contracts and the general increase in the guard costs; (ii) the impairment loss on interests in associates due to the suspension of issuance of new mobile game launching approvals by the relevant Government departments of the PRC starting from the end of March 2018 has caused significant negative impact to the mobile game industry in the PRC as new mobile games could not be launched and hence money could not be received from paying players; moreover, the regulatory practices of mobile game industry in the PRC has become more restrictive making the operating environment uncertain, risky and difficult to Magn Investment and its associated companies and therefore, the future profitability and hence expected future cash inflows are significantly and negatively impacted; (iii) the recognition of impairment loss on loan to an associate and amount due from an associate after reviewing the financial status of the associated company, in which the associate was suffered from a significant market downturn in the gaming industry and uncertain government policies on its gaming business, resulting from lagged behind the expected performance as mentioned above; (iv) the recognition of impairment loss of goodwill which arose from the unfavourable changes in the business and operation environment of e-Education CGU and its business plan in which the Group did not carry out this business as previously planned; (v) the write-off of certain intangible assets, including certain software and platform, and certain mobile game licenses; (vi) the increase in finance costs related to the accrued interest of a promissory note. The increase in the Group's loss was partially offset by the decrease in impairment loss on goodwill which arose from the acquisition of China Bei Dou in 2016 and an absence of the recognition of impairment loss on certain mobile game licenses.

Services contracts

During the year ended 31 March 2019, the Group had entered into 117 new or renewed contracts, of which 114 and 3 are fixed and temporary security guarding services contracts respectively. As at 31 March 2019, the Group had a total number of 19 unexpired security guarding services contracts.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Capital structure

The management reviews the capital structure regularly. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debts. As at 31 March 2019, the share capital and total equity attributable to owners of the Company amounted to approximately HK$12,437,000 and HK$27,339,000, respectively (2018: approximately HK$7,870,000 and HK$59,230,000, respectively). The Group has a promissory note which is payable to a former director of the Company.

Cash position

As at 31 March 2019, the cash at banks and in hand of the Group amounted to approximately HK$44,409,000 (2018: approximately HK$10,849,000), representing an increase of approximately HK$33,560,000 as compared to 31 March 2018.

Charges over assets of the Group

As at 31 March 2018 and 2019, none of the Group's assets had been pledged.

Gearing ratio

As at 31 March 2019, the gearing ratio of the Group was 94.6% (2018: 35.2%). The gearing ratio is calculated based on the total debt at the end of the relevant period divided by the total equity at the end of the relevant period. Total debt includes the Promissory Note, loan from immediate holding company, loan from a related company and amounts due to a related party. As at 31 March 2019, the Group did not have any bank borrowings, bank overdrafts and obligations under finance leases.

Capital expenditure

The Group had acquired property, plant and equipment amounting to approximately HK$62,000 for the year ended 31 March 2019, which mainly comprised furnitures and equipment (2018: approximately HK$75,000).

Capital commitments

As at 31 March 2019, the Group had no capital commitments (2018: approximately HK$2,255,000).

Foreign exchange risk

The Group's business operations are primarily conducted in Hong Kong. The transactions, monetary assets and liabilities of the Group were mainly denominated in Hong Kong dollar. During the year ended 31 March 2019, there was no material impact to the Group arising from the fluctuation in the foreign exchange rates between the currencies.

The Group did not engage in any derivatives agreement and did not commit to any financial instruments to hedge its foreign exchange exposure during the year ended 31 March 2019.

Contingent liabilities

As at 31 March 2018 and 2019, the Group had no material contingent liabilities.

Significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies, and plans for material investments or capital assets

During the year ended 31 March 2019, the Company did not have any significant investment and had no material acquisition or disposal of subsidiaries or affiliated companies, and the Company has no plans for material investments or capital assets.

EMPLOYEES AND REMUNERATION POLICY

The Group had 380 employees as at 31 March 2019 (2018: 948 employees). The Group recruits and promotes individuals based on their performance and development potential in the positions held. In order to attract and retain high quality staff and to enable smooth operations within the Group, the Group offers competitive remuneration packages (with reference to market conditions and individual qualifications and experience) and various in-house training courses. The Group's remuneration policy is revised periodically and determined by reference to market terms, company performance, individual qualifications and performance, and in accordance with the statutory requirements of the respective jurisdiction where the employees are employed.

On 30 June 2017 and 14 December 2018, the Group granted the share options to the eligible employees within the Group and certain of the Directors of the Company under the share option scheme adopted by the Company on 31 July 2014 (the "**Scheme**") to motivate and compensate their contributions to the Group. Details of the grant of the share options are set out in the Company's announcement dated 30 June 2017 and 14 December 2018.

Training and development

Our security services are mainly divided into three parts: security guard services, event security services and VIP escorting services. All of our security staff personnel obtain the Security Patrol Permit to ensure the competence in providing security service for our clients. We value the experience and capability of our staff to elevate our service quality. Our on-the-job patrol monitoring system helps to guide and assist employees to achieve optimal performances. Our goal is to supervise and ensure customers' needs are satisfied. Training plans are established for new and existing employees to connect them to our values and assist them to perform their roles. Our training purpose is also to foster a safe environment for all employees against sexual harassment and promote efficient internal communication between employees and management. We comply with the appropriate local laws and regulations in relation to the restrictions on the employment of child and forced labor. Our employees are properly vetted to ensure they are of proper working age.

Specialised Training

We provide the fundamental knowledge of our online game business through massive open online courses ("**MOOC**"). MOOC is an online learning platform that engages students and improves their professional level. Our team has formulated an annual training plan for employees to ensure there is equal opportunity for improvement and development. The training plan is diversified to include internal and external training to ensure that our employees receive the most fitting knowledge.

DIVIDEND

The Board did not recommend the payment of final dividend for the year ended 31 March 2019 (2018: Nil).

CORPORATE GOVERNANCE CODE

The Company had complied with the code provisions set out in the Corporate Governance Code (the "**CG Code**") as contained in Appendix 15 to the GEM Listing Rules throughout the year ended 31 March 2019.

CHAIRMAN

The chairman of the Company (the "**Chairman**") is responsible for the leadership of the Board, ensuring its effectiveness in all aspects of its role for setting its agenda and taking into account any matters proposed by other directors for inclusion in the agenda.

Under the CG Code provision A.2.1, the role of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company does not have any officer with the title of chief executive officer (the "**CEO**"). However, the Company has appointed several staff at the subsidiary level for each business segment, who are responsible for the oversight of each business segment's operations. The Company will, from time to time, review the effectiveness of the Group's corporate governance structure and consider whether any changes, including the separation of the roles of chairman and CEO, are necessary.

AUDIT COMMITTEE

The Audit Committee is responsible to make recommendation to the Board on the appointment and removal of external auditor, to evaluate the overall effectiveness of the internal control and risk management frameworks, to review the accounting principles and practices adopted by the Group and other financial reporting matters and ensure the completeness, accuracy and fairness of the financial statements, to monitor compliance with statutory and listing requirements and to oversee the relationship with the external auditors.

The Audit Committee reviews the quarterly, interim and annual reports before submission to the Board. At least one member has an appropriate professional qualification or accounting or related financial management expertise. The Audit Committee focuses not only on the impact of the changes in accounting policies and practices but also on the compliance with accounting standards, the GEM Listing Rules and the legal requirements in the review of the Company's quarterly, interim and annual reports.

Senior representatives of the external auditor, executive Directors and senior executives are invited to attend the meetings, if required. Each of the Audit Committee members has unrestricted access to the Group's external auditor and the management.

During the Reporting Period and up to the date of this announcement, the members of the Audit Committee have been and are:

Mr. Zhao Jinsong *(Chairman) (appointed on 12 July 2018)*
Mr. Ho Yuk Ming Hugo *(former Chairman) (resigned on 12 July 2018)*
Ms. Guan Yan *(appointed on 12 July 2018)*
Mr. Li Zhongfei *(appointed on 12 July 2018)*
Mr. Xiong Hong *(resigned on 12 July 2018)*
Mr. Wan Tat Wai David *(resigned on 12 July 2018)*

Summary of works

During the year ended 31 March 2019, the Audit Committee reviewed the audited annual results for the year ended 31 March 2018, the unaudited quarterly results for the three months ended 30 June 2018, six months ended 30 September 2018 and nine months ended 31 December 2018; made recommendations to the Board on the terms of engagement of the external auditors; and reviewed the system of risk management and effectiveness of the internal control and the Group's internal audit function on an ongoing basis, and its other duties in accordance with the Audit Committee's written terms of reference. The Audit Committee had also reviewed audited annual results for the financial year ended 31 March 2019, and it has agreed with the auditor of the Company on the annual results of the Group for the financial year ended 31 March 2019 and confirmed that the audited financial statements comply with the applicable standard, the GEM Listing Rules, and other applicable legal requirements and that adequate disclosures have been made. There is no disagreement between the Directors and the Audit Committee regarding the selection and appointment of the external auditors.

The Board is of the view that the Audit Committee had properly discharged its duties and responsibilities during the Reporting Period and up to the date of this announcement.

The terms of reference of the Audit Committee are in line with the CG Code and are posted on the websites of the Company and the Stock Exchange. Under its terms of reference, the Audit Committee is required, amongst other things, to oversee the relationship with the external auditors, to review the Group's preliminary quarterly results, interim results and annual financial statements and to monitor the integrity of the financial statements of the Group, to review the scope, extent and effectiveness of the Group's internal control system, internal audit and risk management matters and to review the Group's financial and accounting policies.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the required standards of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for securities transactions by the Directors in respect of the Shares of the Company (the "**Code of Conduct**"). Having made specific enquiries with the Directors, all Directors have confirmed that they have complied with the required standards set out in the Code of Conduct during the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Save for the Rights Issue and the Share Consolidation, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2019.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the Group's consolidated financial statements and the related notes thereto for the Year as set out in this announcement have been agreed by the Group's auditor, BDO Limited, as to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on this announcement.

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019

The Board of Directors (the "**Board**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**"), for the year ended 31 March 2019, together with the comparative audited figures for the year ended 31 March 2018 as follows:

	Notes	2019 HK$'000	2018 HK$'000
Revenue	*5*	**36,902**	111,807
Cost of services rendered		**(38,327)**	(97,355)
Gross (loss)/profit		**(1,425)**	14,452
Other income and losses, net	*6*	**2,365**	(267)
Administrative expenses		**(39,653)**	(44,639)
Impairment loss on goodwill		**(5,255)**	(31,000)
Impairment loss on other intangible assets		**–**	(3,700)
Impairment loss on prepayments and receivables/loan		**(8,481)**	–
Write-off of other intangible assets		**(17,237)**	(14,477)
Share of result of associates	*14*	**–**	(33)
Impairment loss on interests in associates	*14*	**(16,450)**	(1,700)
Finance costs	*7*	**(2,294)**	(975)
Loss before income tax	*8*	**(88,430)**	(82,339)
Income tax (expense)/credit	*9*	**(43)**	788
Loss for the year		**(88,473)**	(81,551)
Other comprehensive income that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of financial statements of foreign operations		**(524)**	1,453
Other comprehensive income for the year		**(524)**	1,453
Total comprehensive income for the year		**(88,997)**	(80,098)

	Notes	**2019**	2018
		HK$'000	*HK$'000*
Loss for the year attributable to:			
Owners of the Company		**(85,171)**	(74,705)
Non-controlling interests		**(3,302)**	(6,846)
		(88,473)	(81,551)
Total comprehensive income for the year attributable to:			
Owners of the Company		**(85,597)**	(73,703)
Non-controlling interests		**(3,400)**	(6,395)
		(88,997)	(80,098)
		HK cents	*HK cents* (Restated)
Loss per share for loss attributable to owners of the Company	*11*		
– Basic		**(9.33)**	(8.66)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**9,684**	12,676
Goodwill	*12*	**–**	5,255
Other intangible assets	*13*	**934**	20,302
Interests in associates	*14*	**–**	16,450
Investment in a life insurance policy		**–**	1,169
Amount due from the non-controlling equity holder of a subsidiary		**225**	2,269
		10,843	58,121
Current assets			
Trade receivables	*15*	**2,629**	12,600
Prepayments, deposits and other receivables		**2,036**	2,781
Amount due from a former director		**–**	236
Amount due from an associate		**–**	5
Amount due from a related party		**–**	4,864
Loan to an associate		**–**	4,300
Tax recoverables		**1,590**	1,610
Cash at banks and in hand		**44,409**	10,849
		50,664	37,245
Current liabilities			
Trade payables	*16*	**693**	693
Accrued expenses and other payables		**10,813**	11,989
Loan from immediate holding company		**1,019**	–
Loan from a related company		**1,714**	–
Amount due to a director		**–**	161
Amount due to an associate		**373**	416
Amounts due to related parties		**1,286**	–
Promissory note payable		**20,150**	21,357
		36,048	34,616
Net current assets		**14,616**	2,629
Net assets		**25,459**	60,750

	Notes	2019 HK$'000	2018 HK$'000
EQUITY			
Equity attributable to owners of the Company			
Share capital	*17*	**12,437**	7,870
Reserves		**14,902**	51,360
		27,339	59,230
Non-controlling interests		**(1,880)**	1,520
Total equity		**25,459**	60,750

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

1. GENERAL INFORMATION

Greatwalle Inc. (formerly known as King Force Group Holdings Limited) (the "**Company**") was incorporated in the Cayman Islands as an exempted company with limited liability on 2 January 2014. The Company's registered office is located at Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands. Its principal place of business is located at Room 2008, 20th Floor, West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong.

The Company's shares were listed on the Growth Enterprise Market ("**GEM**") of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 20 August 2014.

The principal activity of the Company is investment holding.

The consolidated financial statements for the year ended 31 March 2019 comprise the Company and its Subsidiaries (together, the "**Group**").

The consolidated financial statements for the year ended 31 March 2019 were approved for issue by the board of directors on 18 June 2019.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs – effective 1 April 2018

In the current year, the Group has applied for the first time the following new or amended HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are relevant to and effective for the Group's financial statements for the annual year beginning on 1 April 2018:

Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKFRS 1, First-time adoption of Hong Kong Financial Reporting Standards
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKAS 28, Investments in Associates and Joint Ventures
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)
HK(IFRIC)–Int 22	Foreign Currency Transactions and Advance Consideration

Annual Improvements to HKFRSs 2014-2016 Cycle – Amendments to HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards, removing transition provision exemptions relating to accounting periods that had already passed and were therefore no longer applicable.

The adoption of these amendments has no impact on these financial statements as the periods to which the transition provision exemptions related have passed.

Annual Improvements to HKFRSs 2014-2016 Cycle – Amendments to HKAS 28, Investments in Associates and Joint Ventures

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 28, Investments in Associates and Joint Ventures, clarifying that a Venture Capital organisation's permissible election to measure its associates or joint ventures at fair value is made separately for each associate or joint venture.

The adoption of these amendments has no impact on these financial statements as the Group does not have any material venture capital organisation.

Amendments to HKFRS 2 – Classification and Measurement of Share-Based Payment Transactions

The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The adoption of these amendments has no impact on these financial statements as the Group does not have any cash-settled share-based payment transaction and has no share-based payment transaction with net settlement features for withholding tax.

HKFRS 9 – Financial Instruments

(i) Classification and measurement of financial instruments

HKFRS 9 replaces HKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 April 2018, bringing together all three aspects of the accounting for financial instruments: (1) classification and measurement; (2) impairment and (3) hedge accounting. The adoption of HKFRS 9 from 1 April 2018 has resulted in changes in accounting policies of the Group and the amounts recognised in the consolidated financial statements.

The following tables summarised the impact, net of tax, of transition to HKFRS 9 on the opening balance of retained earnings as of 1 April 2018 as follows (increase/(decrease)):

	HK$'000
Retained earnings	
Retained earnings as at 31 March 2018	(52,933)
Increase in ECLs in debt instruments at amortised cost (Note 2(a)(ii)(b) below)	(1,016)
Restated retained earnings as at 1 April 2018	(53,949)

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities. However, it eliminates the previous HKAS 39 categories for financial assets of held to maturity financial assets, loans and receivables and available-for-sale financial assets. The adoption of HKFRS 9 has no material impact on the Group's accounting policies related to financial liabilities and derivative financial instruments. The impact of HKFRS 9 on the Group's classification and measurement of financial assets is set out below.

Under HKFRS 9, except for certain trade receivables (that the trade receivables do not contain a significant financing component in accordance with HKFRS 15), an entity shall, at initial recognition, measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs. A financial asset is classified as: (i) financial assets at amortised cost ("amortised costs"); (ii) financial assets at fair value through other comprehensive income ("FVOCI"); or (iii) FVTPL (as defined in above). The classification of financial assets under HKFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed and (ii) its contractual cash flow characteristics (the "solely payments of principal and interest" criterion, also known as "SPPI criterion"). Under HKFRS 9, embedded derivatives is no longer required to be separated from a host financial asset. Instead, the hybrid financial instrument is assessed as a whole for the classification.

A financial asset is measured at amortised cost if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

A debt investment is measured at FVOCI if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to achieved by both collecting contractual cash flows and selling financial assets; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. All other financial assets not classified at amortised cost or FVOCI as described above are classified as FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The following accounting policies would be applied to the Group's financial assets as follows:

FVTPL	FVTPL is subsequently measured at fair value. Changes in fair value, dividends and interest income are recognised in profit or loss.
Amortised cost	Financial assets at amortised cost are subsequently measured using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.
FVOCI (debt instruments)	Debt investments at fair value through other comprehensive income are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.
FVOCI (equity instruments)	Equity investments at fair value through other comprehensive income are measured at fair value. Dividend income is recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss.

The following table summarizes the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 April 2018:

Financial assets	**Original classification under HKAS 39**	**New classification under HKFRS 9**	**Carrying amount as at 1 April 2018 under HKAS 39**	**Carrying amount as at 1 April 2018 under HKFRS 9**
			HK$'000	*HK$'000*
Investment in a life insurance policy	Available-for-sale financial assets (at fair value)	FVTPL	1,169	1,169
Trade and other receivables	Loans and receivables	Amortised cost	13,636	13,636
Other loans and amounts due	Loans and receivables	Amortised cost	11,674	10,658
Cash and cash equivalents	Loans and receivables	Amortised cost	10,849	10,849

(ii) Impairment of financial assets

The adoption of HKFRS 9 has changed the Group's impairment model by replacing the HKAS 39 "incurred loss model" to the "expected credit losses ("ECLs") model". HKFRS 9 requires the Group to recognised ECL for trade receivables, financial assets at amortised costs, contract assets and debt investment at FVOCI earlier than HKAS 39. Cash and cash equivalents are subject to ECL model but the impairment is immaterial for the current period.

Under HKFRS 9, the losses allowances are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date: and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Measurement of ECLs

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for trade receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12-months ECLs. The 12-months ECLs is the portion of the lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information. The Group's debt investment at FVOCI are considered to have low credit risk since the issuers' credit rating are high.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

Presentation of ECLs

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt investment at FVOCI, the loss allowance is recognised in OCI, instead of reducing the carrying amount of the assets.

Impact of the ECL model

(a) Impairment of trade receivables

As mentioned above, the Group applies the HKFRS 9 simplified approach to measure ECLs which recognises lifetime ECLs for all trade receivables. To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

For trade receivables as at 1 April 2018, the Group applied expected credit loss rate of 0.1% for balances not past due; 0.5% for balances less than 30 days past due; 1% for balances more than 30 but less than 90 days past due; 10% for balances more than 90 but less than 180 days past due; 50% for balances more than 180 but less than 365 days past due; 100% for balances more than 365 days past due, and considered the loss allowance as at 31 March 2018 under HKAS 39 approximated to the loss allowance under the ECLs model and accordingly, no adjustment is made to the loss allowance as at 1 April 2018.

The loss allowances for trade receivables did not increase during the year ended 31 March 2019 under the ECL model adopted by the Group.

(b) Impairment of other receivables

Other financial assets at amortised cost of the Group include amounts due from the non-controlling equity holder of a subsidiary, a former director, an associate and a related party, loan to an associate, deposits, and other receivables. Applying the ECL model result in the recognition of ECL of approximately HK$1,016,000 on 1 April 2018 and a further ECL of approximately HK$5,816,000 for the year ended 31 March 2019.

(iii) Hedge accounting

Hedge accounting under HKFRS 9 has no impact on the Group as the Group does not apply hedge accounting in its hedging relationships.

(iv) Transition

The Group has applied the transitional provision in HKFRS 9 such that HKFRS 9 was generally adopted without restating comparative information. The reclassifications and the adjustments arising from the new ECLs rules are therefore not reflected in the statement of financial position as at 31 March 2018, but are recognised in the statement of financial position on 1 April 2018. This mean that differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9 are recognised in retained earnings and reserves as at 1 April 2018. Accordingly, the information presented for 2017 does not reflect the requirements of HKFRS 9 but rather those of HKAS 39.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application of HKFRS 9 (the "DIA"):

- The determination of the business model within which a financial asset is held;
- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL; and
- The designation of certain investments in equity investments not held for trading as at FVOCI.

If an investment in a debt investment had low credit risk at the DIA, then the Group has assumed that the credit risk on the asset had not increased significantly since its initial recognition.

HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15")

HKFRS 15 supersedes HKAS 11 Construction Contracts, HKAS 18 Revenue and related interpretations. HKFRS 15 has established a five-steps model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at the amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group has adopted HKFRS 15 using the cumulative effect method without practical expedients. The Group has recognised the cumulative effect of initially applying HKFRS 15 as an adjustment to the opening balance of retained earnings at the date of initial application (that is, 1 April 2018). As a result, the financial information presented for 2018 has not been restated.

The transition to HKFRS 15 has no impact on the opening balances of retained earnings and non-controlling interests as at 1 April 2018.

Details of the new significant accounting policies and the nature of the changes to previous accounting policies in relation to the Group's various services are set out below:

Note	**Product/ service**	**Nature of the goods or services, satisfaction of performance obligations and payment terms**	**Nature of change in accounting policy and impact on 1 April 2018**
(i)	Security guarding services	The Group has determined that for contracts with customers under security guarding services, there is only one performance obligation, which is the provision of manned security guarding services mainly located in Hong Kong. The Group has determined that the customer simultaneously receives and consumes the benefits of the Group's performance and thus the Group concludes that the service should be recognised over time. Invoices are usually payable within 30 days.	Impact HKFRS 15 did not result in significant impact on the Group's accounting policies and these financial statements.

Amendments HKFRS 15 – Revenue from Contracts with Customers (Clarifications to HKFRS 15)

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

The adoption of these amendments has no impact on these financial statements as the Group had not previously adopted HKFRS 15 and took up the clarifications in this, its first, year.

HK(IFRIC)-Int 22 – Foreign Currency Transactions and Advance Consideration

The Interpretation provides guidance on determining the date of the transaction for determining an exchange rate to use for transactions that involve advance consideration paid or received in a foreign currency and the recognition of a non-monetary asset or non-monetary liability. The Interpretations specifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part thereof) is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

The adoption of these amendments has no impact on these financial statements as the Group has not paid or received advance consideration in a foreign currency.

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

HKFRS 16	Leases[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 3	Definition of a Business[3]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKAS 1 and HKAS 8	Definition of Material[4]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3, Business Combinations[1]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 11, Joint Arrangements[1]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKAS 12, Income Taxes[1]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKAS 23, Borrowing Costs[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]

1 Effective for annual periods beginning on or after 1 January 2019

2 The amendments were originally intended to be effective for periods beginning on or after 1 January 2017. The effective date has now been deferred/removed. Early application of the amendments of the amendments continue to be permitted.

3 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

4 Effective for annual periods beginning on or after 1 January 2020.

HKFRS 16 – Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 "Leases" and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2019, the Group has non-cancellable operating lease commitments of approximately HK$1,425,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above.

Other than the recognition of a right-of-use asset and a corresponding liability, the Group expects that the transition adjustments to be made upon the initial adoption of HKFRS 16 will not be material. However, the expected changes in accounting policies as described above could have a material impact on the Group's consolidated financial statements from 2019 onwards.

HK(IFRIC)-Int 23 – Uncertainty over Income Tax Treatments

The Interpretation supports the requirements of HKAS 12, Income Taxes, by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes. Under the Interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the "most likely amount" or the "expected value" approach, whichever better predicts the resolution of the uncertainty.

Amendments to HKFRS 9 – Prepayment Features with Negative Compensation

The amendments clarify that prepayable financial assets with negative compensation can be measured at amortised cost or at fair value through other comprehensive income if specified conditions are met – instead of at fair value through profit or loss.

Amendments to HKAS 28

The amendment clarifies that HKFRS 9 applies to long-term interests ("LTI") in associates or joint ventures which form part of the net investment in the associates or joint ventures and stipulates that HKFRS 9 is applied to these LTI before the impairment losses guidance within HKAS 28.

Annual Improvements to HKFRSs 2015-2017 Cycle – Amendments to HKFRS 3, Business Combinations

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 3 which clarifies that when a joint operator of a business obtains control over a joint operation, this is a business combination achieved in stages and the previously held equity interest should therefore be remeasured to its acquisition date fair value.

Annual Improvements to HKFRSs 2015-2017 Cycle – Amendments to HKFRS 11, Joint Arrangements

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 11 which clarify that when a party that participates in, but does not have joint control of, a joint operation which is a business and subsequently obtains joint control of the joint operation, the previously held equity interest should not be remeasured to its acquisition date fair value.

Annual Improvements to HKFRSs 2015-2017 Cycle – Amendments to HKAS 12, Income Taxes

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 12 which clarify that all income tax consequences of dividends are recognised consistently with the transactions that generated the distributable profits, either in profit or loss, other comprehensive income or directly in equity.

Annual Improvements to HKFRSs 2015-2017 Cycle – Amendments to HKAS 23, Borrowing Costs

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 23 which clarifies that a borrowing made specifically to obtain a qualifying asset which remains outstanding after the related qualifying asset is ready for its intended use or sale would become part of the funds an entity borrows generally and therefore included in the general pool.

Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies and financial statements.

3. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, which collective terms include all applicable individual HKFRSs, Hong Kong Accounting Standards and Interpretations issued by the HKICPA. The consolidated financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

The consolidated financial statements have been prepared under historical cost convention, except for the financial instruments, which are measured at fair values as explained in the accounting policies set out below. All value are rounded to the nearest thousand except when otherwise indicated.

It should be noted that accounting estimates and judgements are used in the preparation of the consolidated financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates.

4. SEGMENT INFORMATION

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major product and service lines.

The Group has identified the following reportable segments:

(a) "Security Guarding" segment involves provision of security guarding services;

(b) "Mobile Game" segment involves provision of mobile game business;

(c) "e-Education" segment involves provision of students' e-education and security services

Each of these operating segments is managed separately as each of the product and service lines requires different resources as well as marketing approaches. All inter-segment transfers are carried out at arm's length prices.

The measurement policies the Group use for reporting segment results under HKFRS 8 are the same as those used in its financial statements prepared under HKFRSs, except that interest income from loan to an associate, fair value loss of contingent consideration payable, impairment loss on interests in associates, finance costs, share of results of associates, corporate income, corporate expense and income tax expense are excluded from segment results.

No asymmetrical allocations have been applied to reportable segments.

The executive directors have identified the Group's three service lines as reportable segments. These segments are monitored and strategic decisions are made on the basis of adjusted segment operating result.

Revenue generated, (loss)/profit incurred from operations, total assets and liabilities by each of the Group's operating segments are summarised as follows:

	Security Guarding		Mobile Game		e-Education		All other segment		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**36,211**	111,807	**–**	–	**–**	–	**691**	–	**36,902**	111,807
Total segment (loss)/profit from operations	**(19,782)**	(10,389)	**(21,381)**	(9,295)	**(13,540)**	(50,788)	**625**	–	**(54,078)**	(70,472)
Interest income from loan to an associate									**258**	297
Fair value loss on contingent consideration payable									**–**	(32)
Share of results of associates									**–**	(33)
Impairment loss on interests in associates									**(16,450)**	(1,700)
Finance costs									**(2,294)**	(975)
Unallocated corporate income									**805**	–
Unallocated corporate expenses									**(16,671)**	(9,424)
Loss before income tax									**(88,430)**	(82,339)
Income tax (expense)/credit									**(43)**	788
Loss for the year									**(88,473)**	(81,551)

There were no inter-segment transfers during the years ended 31 March 2019 and 2018.

Unallocated corporate expenses mainly comprise legal and professional fees, remuneration and salaries.

	Security Guarding		Mobile Game		e-Education		All other segment		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other segment information										
Depreciation of property, plant and equipment	**1,878**	2,631	**1**	3	**437**	112	**–**	–	**2,316**	2,746
Unallocated depreciation with head office and corporate assets									**–**	249
Total depreciation									**2,316**	2,995
Amortisation of other intangible assets	**1,345**	1,100	**–**	–	**475**	2,619	**–**	–	**1,820**	3,719
Write-off of other intangible assets	**–**	–	**13,237**	2,446	**4,000**	12,031	**–**	–	**17,237**	14,477
Impairment loss on goodwill	**–**	–	**–**	–	**5,255**	31,000	**–**	–	**5,255**	31,000
Impairment loss on other intangible assets	**–**	–	**–**	3,700	**–**	–	**–**	–	**–**	3,700
Impairment loss on amount due from the non-controlling equity holder of a subsidiary	**–**	–	**–**	–	**2,004**	–	**–**	–	**2,004**	–
Impairment loss on prepayments	**–**	–	**2,152**	–	**513**	–	**–**	–	**2,665**	–
Impairment loss on other receivables	**–**	–	**–**	–	**123**	–	**–**	–	**123**	–
Impairment loss on loan to an associate	**–**	–	**3,539**	–	**–**	–	**–**	–	**3,539**	–
Impairment loss on amount due from an associate	**–**	–	**150**	–	**–**	–	**–**	–	**150**	–
Income tax expense/(credit)	**–**	(788)	**–**	–	**–**	–	**43**	–	**43**	(788)
Capital expenditure	**62**	1,544	**–**	3,397	**–**	154	**–**	–	**62**	5,095

Capital expenditure consists of additions to property, plant and equipment, goodwill and other intangible assets.

All assets are allocated to operating segments other than unallocated assets (mainly comprising interests in associates, investment in a life insurance policy, loan to an associate, amount due from an associate, tax recoverables, certain other receivables and certain cash and cash equivalents).

	Security Guarding		Mobile Game		e-Education		All other segment		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**16,645**	38,775	**123**	20,184	**515**	12,194	**283**	–	**17,566**	71,153
Interests in associates									**–**	16,450
Investment in a life insurance policy									**–**	1,169
Loan to an associate									**–**	4,300
Amount due from an associate									**–**	5
Tax recoverables									**1,590**	1,610
Corporate cash at banks and in hand									**41,684**	196
Other corporate assets									**667**	483
Total assets									**61,507**	95,366

All liabilities are allocated to operating segments other than unallocated liabilities (mainly comprising promissory note payable).

	Security Guarding		Mobile Game		e-Education		All other segment		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment liabilities	**4,924**	8,440	**1,069**	1,411	**2,442**	2,280	**–**	–	**8,435**	12,131
Promissory note payable									**20,150**	21,357
Other corporate liabilities									**7,463**	1,128
Total liabilities									**36,048**	34,616

Geographic information

The following table provides an analysis of the Group's revenue from external customers and non-current assets other than financial instruments and interests in associates ("Specified non-current assets").

	Revenue from external customers		Specific non-current assets	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (place of domicile)	**36,211**	111,807	**10,618**	32,697
The People's Republic of China ("PRC")	**691**	–	**1**	5,536
	36,902	111,807	**10,619**	38,233

Major Services

	2019	2018
	HK$'000	*HK$'000*
Provision of security guarding services	**36,211**	111,807
Provision of business advisory and management services	**691**	–
	36,902	111,807

Timing of revenue

	2019	2018
	HK$'000	*HK$'000*
Transferred over time	**36,902**	111,807

Information about major customers

There is no single customer contributed to 10% or more revenue to the Group's revenue for the years ended 31 March 2019 and 2018.

5. REVENUE

The principal activities of the Group are provision of security guarding services and provision of business advisory and management services.

Disaggregation of revenue information

	2019	2018
	HK$'000	*HK$'000*
Provision of security guarding services	**36,211**	111,807
Provision of business advisory and management services	**691**	–
	36,902	111,807

Geographic information

The following provides an analysis of the Group's revenue from external customers by geographical market, irrespective of the origin of the goods:

	2019	2018
	HK$'000	*HK$'000*
Hong Kong (place of domicile)	**36,211**	111,807
The People's Republic of China ("**PRC**")	**691**	–
	36,902	111,807

Timing of revenue

	2019	2018
	HK$'000	*HK$'000*
Transferred over time	**36,902**	111,807

6. OTHER INCOME AND LOSSES, NET

	2019	2018
	HK$'000	*HK$'000*
Bank interest income	**–**	1
Imputed interest income on amount due from the non-controlling equity holder of a subsidiary	**106**	102
Interest income of a life insurance policy	**–**	39
Interest income from loan to an associate	**258**	297
Interest income from amount due from a related party	**26**	318
Fair value loss on financial asset at fair value through profit or loss	**–**	(2,200)
Fair value loss on contingent consideration payable	**–**	(32)
Bad debt recovery	**448**	–
Sundry income	**1,527**	1,208
	2,365	(267)

7. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
Interest charges on promissory note	**2,261**	975
Interest charges on loan from immediate holding company	**19**	–
Interest charges on loan from a related company	**14**	–
	2,294	975

8. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging/(crediting):

	2019	2018
	HK$'000	*HK$'000*
Auditor's remuneration[1]	**944**	900
Amortisation of other intangible assets[1]	**1,820**	3,719
Bad debts recovery	**(448)**	–
Bad debts written-off	**–**	517
Cost of services rendered	**38,327**	97,355
Depreciation of property, plant and equipment[1]	**2,316**	2,995
Employee benefits expenses (including directors' emoluments:		
Salaries, allowances and benefits in kind included in:		
– Cost of services rendered	**34,929**	84,568
– Administrative expenses	**11,354**	15,798
Retirement benefits – Defined contribution plans[3] included in:		
– Cost of services rendered	**1,434**	3,754
– Administrative expenses	**148**	137
Equity-settled share options expenses[1]	**5,788**	4,009
	53,653	108,266
Fair value loss on financial asset at fair value through profit or loss	**–**	2,200
Fair value loss on contingent consideration payable	**–**	32
Legal and professional fees[1]	**5,721**	2,843
Loss on disposal of property, plant and equipment[1]	**187**	3
Write-off of property, plant and equipment[1]	**325**	–
Write-off of other intangible assets	**17,237**	14,477
Write-off of prepayments[1]	**–**	420
Impairment loss on goodwill	**5,255**	31,000
Impairment loss on other intangible assets	**–**	3,700
Impairment loss on interests in associates	**16,450**	1,700
Impairment loss on amount due from the non-controlling equity holder of a subsidiary[2]	**2,004**	–
Impairment loss on prepayments[2]	**2,665**	420
Impairment loss on other receivables[2]	**123**	–
Impairment loss on loan to an associate[2]	**3,539**	–
Impairment loss on amount due from an associate[2]	**150**	–
Operating lease charges in respect of:		
– Rented premises	**1,941**	2,371
– Office equipment	**65**	71
	2,006	2,442

[1] included in "Administrative expenses" in the consolidated statement of profit or loss and other comprehensive income

[2] included in "Impairment loss on prepayments and receivables/loan" in the consolidated statement of profit or loss and other comprehensive income

[3] no forfeited contributions available for offset against existing contributions during the year

9. INCOME TAX EXPENSE/(CREDIT)

The amount of taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2019	2018
	HK$'000	*HK$'000*
Current tax		
– Hong Kong Profits Tax		
– Tax for the year	**–**	–
– Over provision in prior years	**–**	(261)
– PRC Enterprise Income Tax ("**EIT**")		
– Tax for the year	**43**	–
	43	(261)
Deferred tax		
– Charged/(Credited) for the year	**–**	(527)
	43	(788)

The Company was incorporated in the Cayman Islands that is tax-exempted as no business is carried out in the Cayman Islands under the laws of the Cayman Islands.

Hong Kong Profits Tax is calculated at 16.5% (2018: 16.5%) on the estimated assessable profits of subsidiaries operating in Hong Kong for the year. EIT is calculated on estimated assessable profits of the subsidiaries' operations in PRC at 25% (2018: 25%). Income tax expense for other jurisdictions is calculated at the rates of taxation prevailing in the relevant jurisdictions.

10. DIVIDEND

No dividend has been paid or declared by the Company during the year (2018: Nil).

11. LOSS PER SHARE

The calculation of the basic loss per share is based on the following data:

Loss	**2019** *HK$'000*	2018 *HK$'000*
Loss for the year attributable to the owners of the Company	**(85,171)**	(74,705)

Number of shares	**2019** *'000*	2018 *'000* (Restated)
Weighted average number of ordinary shares for the purposes of basic loss per share	**913,136**	862,382

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company, and the weighted average number of 913,136,000 (2018: 862,382,000 adjusted for the effect of the share consolidation on 5 September 2018 and the bonus element of the rights issue on 29 March 2019) ordinary shares in issue.

No adjustment had been made to the basic loss per share amounts presented for the year ended 31 March 2019 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

12. GOODWILL

The amount of goodwill capitalised as an asset recognised in the consolidated statement of financial position, arising from business combination is as follows:

	2019	2018
	HK$'000	*HK$'000*
Cost		
At the beginning of the year	**5,255**	36,255
Impairment loss	**(5,255)**	(31,000)
At the end of the year	**–**	5,255

Goodwill acquired through business combination has been allocated to the cash generating unit of developing and manufacturing of education and security system for protection of the students' safety in the PRC ("**e-Education CGU**") for impairment testing.

For the purpose of impairment testing, goodwill and the intangible assets of e-education and security platform (Note 13) have been allocated to e-Education CGU. (For the year ended 31 March 2019, because the platform became unaccessible by the Group as the developers of the platform which were also engaged to maintain the platform have closed down. The intangible assets of e-education and security platform with carrying amount of approximately HK$4,000,000 (Note 13) were written off and were charged to the profit or loss.)

The recoverable amount for the e-Education CGU has been determined based on a value-in-use calculation estimated by the management with reference to the valuation performed by an independent firm of professional valuer. The calculation covered a period estimated by the Group to be indefinite as there is no foreseeable limitation on the period of time over which the CGU is expected to generate economic benefits to the Group. The calculation uses cash flow projections based on a detailed five-year budget plan approved by the management. The key assumptions were determined by the management based on its expectations for the business development. The estimated cash flows include budget revenue based on the estimation of market development and future performance of the e-Education CGU made by the management of the Group. The discount rate used is pre-tax and reflect specific risks relating to the industry in relation to the e-Education CGU.

The key assumptions were determined by the management based on its expectations for the business development. The estimated cash flows include budget revenue based on the estimation of market development and future performance of the e-Education CGU made by the management of the Group. The discount rate used is pre-tax and reflect specific risks relating to the industry in relation to the e-Education CGU.

	2019	2018
Terminal growth rate	**–**	3%
Discount rate	**33.2%**	38.9%

The Group is of the opinion, based on the impairment assessment of the e-Education CGU. As at 31 March 2019, the cash generating unit has been reduced to its recoverable amount of nil.

For the year ended 31 March 2018, the impairment loss is mainly attributable to unfavourable changes in (i) the estimated discount rate; (ii) risks associated with the business and operation of e-Education CGU; and (iii) its business plan in which the Group did not carry out this business as previously planned as a result of the suspension of Jiuyi Qualification and the subsequent legal proceeding against Bei Dou Jiuyi Information Technology Industry (Beijing) Limited ("**Bei Dou Jiuyi**") .

As at 31 March 2018, as the cash generating unit has been reduced to its recoverable amount of HK$16,770,000, any adverse change in the assumptions used in the calculation of the recoverable amount would result in further impairment losses.

Apart from the considerations described in determining the value-in-use of the cash-generating unit above, the Group's management is not currently aware of any other probable changes that would necessitate changes in its key estimates.

13. OTHER INTANGIBLE ASSETS

	Computerised operating and guarding system *HK$'000*	Mobile game licenses* *HK$'000*	e-Education and security platform *HK$'000*	Franchise of Bei Dou Qualification *HK$'000*	Total *HK$'000*
Cost					
At 1 April 2017	5,238	15,993	5,373	13,944	40,548
Additions	1,479	3,390	151	–	5,020
Write-off	–	(2,446)	(507)	(14,585)	(17,538)
Exchange realignment	–	–	565	641	1,206
At 31 March 2018 and 1 April 2018	6,717	16,937	5,582	–	29,236
Write-off	–	(16,937)	(5,221)	–	(22,158)
Exchange realignment	–	–	(361)	–	(361)
At 31 March 2019	6,717	–	–	–	6,717
Accumulated amortisation and impairment					
At 1 April 2017	3,338	–	271	871	4,480
Amortisation	1,100	–	571	2,048	3,719
Write-off	–	–	(102)	(2,959)	(3,061)
Impairment	–	3,700	–	–	3,700
Exchange realignment	–	–	56	40	96
At 31 March 2018 and 1 April 2018	4,438	3,700	796	–	8,934
Amortisation	1,345	–	475	–	1,820
Write-off	–	(3,700)	(1,221)	–	(4,921)
Exchange realignment	–	–	(50)	–	(50)
At 31 March 2019	5,783	–	–	–	5,783
Net book value					
At 31 March 2019	934	–	–	–	934
At 31 March 2018	2,279	13,237	4,786	–	20,302

* The mobile game licenses represented licenses fee for games under development, which were mobile games being licensed from developers and under modification. Upon completion of the significant modification and successful test for commercial production, the mobile games with finite useful life being measured initially at cost and subsequently measured at cost less accumulated amortization and accumulated impairment losses.

The suspension of issuance of new mobile game launching approvals by the relevant Government departments of the PRC starting from the end of March 2018 has caused significant negative impact to the mobile game industry in the PRC as new mobile games could not be launched and hence money could not be received from paying players. Moreover, the regulatory practices of mobile game industry in the PRC has become more restrictive making the operating environment uncertain, risky and difficult to game publishers, operators and developers. In view of these, the Group has conducted a review of its mobile game licenses and concluded that these licenses with carrying amount of HK$13,237,000 needed to be written off and charged to profit or loss for the year since the developers are unable to complete the development of these mobile games.

For the year ended 31 March 2019, because the platform became unaccessible by the Group as the developers of the platform which were also engaged to maintain the platform have closed down. The intangible assets of e-education and security platform with carrying amount of approximately HK$4,000,000 were written off and were charged to the profit or loss.

For the year ended 31 March 2018, an impairment loss of approximately HK$3,700,000 (Note 8) was recognised, which represented the impairment loss of license fee paid for certain games obtained by the Group to the recoverable amounts as a result of number of expected paying players of these games not achieving expected level. The impairment loss was recognised in the consolidated statement of profit or loss and other comprehensive income. The recoverable amounts of HK$13,652,000 have been determined with reference to the fair value less cost of disposal calculations based on cash flow projections from approved budgets covering a period of one to three years which is the expected useful life of these games estimated by the management (level 3 fair value measurements). Budgeted gross margin is determined based on the past performance on similar games published by the associate and management's expectations for market development. The discount rate used is approximately 20.3%.

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The balances recognised in the consolidated statement of financial position are as follows:

	Notes	**2019** ***HK$'000***	2018 *HK$'000*
Associates	*a*	**–**	16,450
Joint venture	*b*	**–**	–
As at 31 March		**–**	16,450

The amounts recognised in the profit or loss are as follows:

	Notes	**2019** ***HK$'000***	2018 *HK$'000*
Associates	*a*	**(16,450)**	(1,733)
Joint venture	*b*	**–**	–
For the year ended 31 March		**(16,450)**	(1,733)

(a) **Interests in associates**

	2019	2018
	HK$'000	*HK$'000*
Share of net assets	**–**	–
Goodwill	**18,150**	18,150
	18,150	18,150
Impairment loss	**(18,150)**	(1,700)
Carrying amount as at 31 March	**–**	16,450

Particulars of associates as at 31 March 2019 are as follows:

Name of companies	**Place of incorporation/ operations**	**Percentage of interest held**		**Principal activities**
		Directly	**Indirectly**	
Magn Investment Limited ("**Magn Investment**")	Hong Kong	25%	20%	Investment holding
Magn Media (China) Holdings Limited# ("**Magn Media (China)**")	PRC	–	45%	Investment holding
Shenzhen Timing Advertisement Co., Limited# ("**Timing Advertisement**")	PRC	–	45%	Investment holding
Shenzhen Magn Classic Technology Co., Limited# ("**Magn Classic Technology**")	PRC	–	45%	Investment holding
Shenzhen Magn Cultural Media Co., Limited# ("**Magn Cultural Media**")	PRC	–	45%	Game publishing business
Shenzhen Magn Interactive Entertainment Cultural Media Co., Limited#	PRC	–	45%	Dormant
Shenzhen Magn Firms Co., Limited#	PRC	–	45%	Dormant
Shenzhen Weiyouhui Information Technology Co., Limited#	PRC	–	45%	Investment holding

English name for identification purpose only

The mobile game business of Magn Investment is operated through controlling Timing Advertisement and its subsidiaries in the PRC (the "VIE Group") through VIE Contracts.

VIE Contracts included (i) Exclusive Consulting Service Agreement, (ii) Exclusive Call Option Agreement, (iii) Shareholders' Voting Right Entrustment Agreement, and (iv) Equity Pledge Agreement.

The above VIE Contracts enable Magn Classic Technology, a wholly-owned subsidiary of Magn Investment to:

– exercise effective financial and operational control over the VIE Group;

– exercise shareholders' voting rights of the VIE Group;

– receive substantially all of the economic interest and returns generated by the VIE Group in consideration for the business support, technical and consulting services provided by Magn Classic Technology, at Magn Classic Technology's discretion;

– obtain an exclusive right to purchase the entire equity interest in the VIE Group from the registered equity owners; and

– obtain a pledge over the entire equity interest of the VIE Group from the registered equity owners as collateral security to guarantee performance of all of the obligations of registered equity owners and the VIE Group under the VIE Contracts.

As a result of the VIE Contracts, Magn Investment has rights to variable returns from its involvement with the VIE Group, has the ability to affect those returns through its power over the VIE Group, and is considered to have control over the VIE Group. Consequently, the VIE Group is considered to be subsidiaries of Magn Investment.

However, the PRC government may determine that the VIE Contracts do not comply with the applicable laws and regulations. There can be no assurance that the VIE Contracts will be deemed by the relevant governmental or judicial authorities to be in compliance with the existing or future applicable PRC laws and regulations, or the relevant governmental or judicial authorities may in the future interpret the existing laws or regulations with the result that the VIE Contracts will be deemed to be in compliance of the PRC laws and regulations.

The insurance of the Group does not cover the risks relating to the VIE Contracts and the transactions contemplated thereunder and the Company has no intention to purchase any new insurance in this regard. If any risk arises from the VIE Contracts in the future, such as those affecting the enforceability of the VIE Contracts and the relevant agreements for the transactions contemplated thereunder and the operation of Timing Advertisement, the results of the Group may be adversely affected. However, the Group will monitor the relevant legal and operational environment from time to time to comply with the applicable laws and regulations. In addition, the Group will implement relevant internal control measures to reduce the operational risk.

Summarised financial information for associates

Set out below is the summarised consolidated financial information for Magn Investment which is accounted for using the equity method.

	2019	2018
	HK$'000	*HK$'000*
As at 31 March		
Non-current assets	**12**	10,408
Current assets	**30,173**	77,038
Current liabilities	**(50,538)**	(80,657)
Non-current liabilities	**(9,767)**	(10,088)
Net liabilities	**(30,120)**	(3,299)
Proportion of the Group's ownership	**45.0%**	45.0%
Group's share of net assets of associates	**–**	–
Year ended 31 March		
Revenue	**696**	10,894
Loss for the year	**(27,031)**	(3,155)
Other comprehensive income for the year	**210**	(214)
Total comprehensive income for the year	**(26,821)**	(3,369)
Aggregate amount of the Group's share of associates		
Profit or loss	**–**	33
Other comprehensive income	**–**	–
Total comprehensive income	**–**	33

The amount of unrecognised share of losses of the associates for the year and accumulated unrecognised share of losses of the associates as at 31 March 2019 were amounted to HK$12,163,000 (2018: HK$1,387,000) and HK$13,550,000 (2018: HK$1,387,000) respectively.

For the impairment testing of interests in associates, which is considered an individual CGU, the recoverable amount of the CGU has been determined based on value-in-use by using income approach (discounted cash flow method). A pre-tax discount rate of 20.4% (2018: 26.9%) was applied on the projected cash flow of the calculation. As a result, according to the impairment test result used by the Group, the recoverable amount of interests in associates is lower than its carrying amount because the suspension of issuance of new mobile game launching approvals by the relevant Government departments of the PRC starting from the end of March 2018 has caused significant negative impact to the mobile game industry in the PRC as new mobile games could not be launched and hence money could not be received from paying players; moreover, the regulatory practices of mobile game industry in the PRC has become more restrictive making the operating environment uncertain, risky and difficult to Magn Investment and its subsidiaries and therefore, the future profitability and hence expected future cash inflows are significantly and negatively impacted. Impairment of approximately HK$16,450,000 (2018: HK$1,700,000) was recorded in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2019.

(b) Investment in a joint venture

The primary business of this joint venture is research and development of security system software for intelligence building automatic system. This joint venture is of small scale and, accordingly, the directors considered it is immaterial to the Group.

The contractual arrangement provides the Group with only the rights to the net assets of the joint arrangement, with the rights to the assets and obligation for the liabilities of the joint arrangement resting primarily with Shenzhen Guanhui Xindong Technology Development Co., Limited. Under HKFRS 11 this joint arrangement is classified as a joint venture and has been included in the consolidated financial statements using the equity method.

Joint venture is accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Group's share of the post-acquisition change in the joint venture's net assets except that losses in excess of the Group's interest in the joint venture is not recognised unless there is an obligation to make good those losses.

For the year ended 31 March 2019, the unrecognised share of losses and accumulated unrecognised share of losses of a joint venture was amounted to Nil (2018: Nil) and HK$1,000 (2018: HK$1,000) respectively.

Particulars of a joint venture as at 31 March 2019 are as follows:

Name of company	**Place of incorporation/ operations**	**Percentage of interest held**	**Principal activities**
Shenzhen Guanhui Xindong Technology Development Co., Limited#	PRC	50%	Research and development of security system software for intelligence building automatic system

English name for identification purpose only

Commitment in respect of joint venture

	2019	2018
	RMB'000	*RMB'000*
Commitment to provide funding	**5,000**	5,000

15. TRADE RECEIVABLES

The ageing analysis of trade receivables (net of impairment loss) based on invoice dates, as of the end of the reporting period is as follows:

	2019	2018
	HK$'000	*HK$'000*
Not more than 30 days	**1,211**	6,224
30-90 days	**1,231**	6,025
Over 90 days	**187**	351
	2,629	12,600

16. TRADE PAYABLES

The ageing analysis of the Group's trade payables, based on invoice dates, is as follows:

	2019	2018
	HK$'000	*HK$'000*
Not more than 30 days	**–**	–
30-90 days	**–**	–
Over 90 days	**693**	693
	693	693

17. SHARE CAPITAL

	Number of ordinary shares of HK$0.001 each	Number of ordinary shares of HK$0.01 each	Amount *HK$'000*
Authorised:			
At 31 March 2017, 31 March 2018 and 1 April 2018	20,000,000,000	–	20,000
Share consideration *(Note (iv))*	(20,000,000,000)	2,000,000,000	–
At 31 March 2019	–	2,000,000,000	20,000
Issued:			
At 1 April 2017	7,680,000,000	–	7,680
Issue of consideration shares *(Note (i))*	4,194,432	–	4
Share of options exercised *(Note (ii))*	185,600,000	–	186
At 31 March 2018 and 1 April 2018	7,869,794,432	–	7,870
Share of options exercised *(Note (iii))*	339,200,000	8,208,994	421
Share consolidation *(Note (iv))*	(8,208,994,432)	820,899,443	–
Issue of shares under Rights Issue *(Note (v))*	–	414,554,218	4,146
At 31 March 2019	–	1,243,662,655	12,437

Notes:

(i) On 12 March 2018, 4,194,432 new shares of the Company were issued to satisfy the compensated amount from the consideration shares on the acquisition of the 25% equity interest in Magn Investment Limited in relation to non-fulfillment of the 2017 Guaranteed Profit.

(ii) During the year ended 31 March 2018, the subscription rights attaching to 185,600,000 share options issued pursuant to the share option scheme of the Company were exercised at the subscription price of HK$0.02 per share, resulting in the issue of aggregate of 185,600,000 shares of HK$0.001 each for a total cash consideration of approximately HK$3,713,000. The premium received was credited to the share premium account.

(iii) During the year ended 31 March 2019, the subscription rights attaching to 339,200,000 and 8,208,994 share options issued pursuant to the share option scheme of the Company were exercised at the subscription price of HK$0.02 and HK$0.265 per share respectively, resulting in the issue of aggregate of 339,200,000 and 8,208,994 shares of HK$0.001 and HK$0.01 each respectively for a total cash consideration of approximately HK$8,959,000. The premium received was credited to the share premium account.

(iv) With effect from 5 September 2018, every ten (10) issued and unissued shares of the Company of HK$0.001 each were consolidated into one (1) consolidated share of the Company of HK$0.01 each.

(v) During the year ended 31 March 2019, 414,554,218 ordinary shares of the Company were issued under a rights issue at the subscription price of HK$0.1 per share on the basis of one rights share for every two ordinary shares of the Company held on 6 March 2019 (the "**Rights Issue**"). The gross proceeds from the Rights Issue are approximately HK$41,456,000. The net proceeds after deducting the underwriting commission and other related expenses of approximately HK$895,000 were approximately HK$40,561,000.