Annual Report

2018/19

GREATWALLE INC.

長城匯理公司

(formerly known as King Force Group Holdings Limited 冠輝集團控股有限公司)

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8315

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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.

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*This report, for which the directors (the "**Directors**") of Greatwalle Inc. (the "**Company**" and together with its subsidiaries, the "**Group**") 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 report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

CONTENTS

Corporate Information	3
Chairman's Statement	4
Management Discussion and Analysis	5
Corporate Governance Report	22
Biographies of Directors	36
Report of the Directors	38
Independent Auditor's Report	51
Consolidated Statement of Profit or Loss and Other Comprehensive Income	56
Consolidated Statement of Financial Position	57
Consolidated Statement of Changes in Equity	59
Consolidated Statement of Cash Flows	60
Notes to the Consolidated Financial Statements	62
Five Years' Financial Summary	148

CORPORATE INFORMATION

DIRECTORS

Executive Directors:
Ms. Pang Xiaoli *(Chairman)*
Mr. Li Mingming
Mr. Hon Hoi Chuen
Ms. Lin Shuxian

Independent Non-executive Directors:
Ms. Guan Yan
Mr. Zhao Jinsong
Mr. Li Zhongfei

AUDIT COMMITTEE

Mr. Zhao Jinsong *(Chairman)*
Mr. Li Zhongfei
Ms. Guan Yan

REMUNERATION COMMITTEE

Mr. Li Zhongfei *(Chairman)*
Ms. Guan Yan
Mr. Zhao Jinsong

NOMINATION COMMITTEE

Ms. Pang Xiaoli *(Chairman)*
Mr. Zhao Jinsong
Mr. Li Zhongfei

COMPANY SECRETARY

Ms. Lam Yuen Ling Eva

AUTHORISED REPRESENTATIVES

Ms. Pang Xiaoli
Mr. Hon Hoi Chuen

COMPLIANCE OFFICER

Ms. Pang Xiaoli

INDEPENDENT AUDITOR

BDO Limited

LEGAL ADVISER

As to Hong Kong Laws
Fangda Partners

REGISTERED OFFICE

Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman
KY1-1108
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2008, 20/F.,
West Tower, Shun Tak Centre
200 Connaught Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Estera Trust (Cayman) Limited
Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman
KY1-1108
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited
Level 22
Hopewell Centre
183 Queen's Road East
Hong Kong

(with effect from 11 July 2019:
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong)

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited
OCBC Wing Hang Bank Limited

COMPANY WEBSITE

www.kingforce.com.hk

STOCK CODE

8315

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Greatwalle Inc. (the "**Company**") and its subsidiaries (collectively known as the "**Group**"), it is my great pleasure to present to the shareholders the annual report for the year ended 31 March 2019 (the "**Year**").

During the Year, the Group has achieved an important milestone in its history as Greatwalle Holding Limited became the controlling shareholder of the Company.

After Greatwalle Holding Limited has become the controlling shareholder of the Company, on top of the existing manned security guarding services which is the traditional core business for over ten years, 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 security service customer base with an aim to gradually expand into the PRC market.

Apart from maintaining the core business of manned security guarding services, as a renowned merger and acquisition (M&A) fund management institution in the PRC, Shenzhen Great Walle Investment Corp., Ltd., the ultimate controlling shareholder 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, which helped develop a systematic investment strategy, a good talent pool and a sound governance system. The historical fund management scale of Great Walle Investment exceeds RMB4.5 billion, bringing good investment return to clients over the years. After becoming the controlling shareholder of the Group, Great Walle Investment is now gradually leveraging on its resource advantage and core capability in M&A fund management to foster the growth of the asset management and business advisory businesses of the Group, and is continuously enhancing its sustainable development capacity through asset management, investment and management of its own funds, and providing financial services business such as investment banking, business advisory and financial management services to other asset management institutions.

The management team of the Company is well experienced in the field of asset management. In order to spearhead the development of the asset management business, the Company has established Huili Asset Management (Zhuhai) Co. Ltd. in the PRC, while the Group has expanded its asset management professional team since May this year to bring the overall headcount in the asset management team to more than 80 members, which consists of professionals with proven and excellent asset management experience in foreign investment banks, Chinese banks and large state-owned enterprises, aiming to provide a full range of asset management service and advisory service on different levels. The Company wishes to make use of their experience in the asset management business to lead the Group in achieving business diversification and extend its business scope into the financial service industry. The Group will endeavour to develop the asset management, business advisory and financial technology businesses in the future, continuously improve the asset management ecosystem of the Group, 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.

Going forward, 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 posed by the competitive market to improve the performance and maximise the returns of the shareholders as a whole.

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to our employees who have contributed their time, efforts and tremendous support to the Group.

Pang Xiaoli
Chairman

Hong Kong, 18 June 2019

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 Limited ("**Magn Investment**") and its subsidiaries 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 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 (iv) the provision of e-Education and security services (the "**e-Education**") through China Bei Dou, an indirect subsidiary of the Company; (v) the provision of mobile games through Magn Investment, an associated company of the Group (the "**Mobile Gaming Business of an Associated 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.

* *For identification purpose only*

MANAGEMENT DISCUSSION AND ANALYSIS

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. Leveraging on the number of real estate company investors of the controlling shareholder and its large customer base for security service, the Company aims 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.

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 help 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

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 report.

* *For identification purpose only*

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 subsidiaries 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.

As disclosed in the announcement of the Company dated 24 November 2015, the mobile gaming business of Magn Investment is operated through controlling Shenzhen Timing Advertisement Co., Limited ("**Timing Advertisement**") and its subsidiaries in the PRC (the "**VIE Group**") through the VIE Contracts mentioned below.

The PRC Equity Owners

The registered equity owners of Timing Advertisement (the "**PRC Equity Owners**") and their respective shareholdings in Timing Advertisement are as follows:

	Approximate % of interest held
Chen Yunchuo (陳運逴)	73.8674%
Chen Ming (陳銘)	17.4217%
Ru Yi (汝毅)	3.4843%
He Huren (何虎仁)	2.6133%
Guo Changhe (郭長河)	2.6133%
Total	100%

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, except for Mr. Chen Yunchuo, being the former chairman and a former executive Director, each of the above equity owners is a resident in the PRC and an independent third party.

Reasons for Use of the VIE Contracts

The VIE Group is principally engaged in the operation of mobile games and is considered to be engaged in the provision of value-added telecommunications services as a result of the operations of our website. In addition, the VIE Group holds certain licenses and permits that are essential to the operation of the mobile game business in China, such as ICP Licenses and the Network Cultural Business Permit.

* *For identification purpose only*

Investment activities in the PRC by foreign investors are primarily regulated by the Guidance Catalogue of Industries for Foreign Investment (the "**Catalogue**"), which was promulgated and is amended from time to time jointly by the Ministry of Commerce of the PRC and the National Development and Reform Commission of the PRC. The Catalogue divides industries into four categories in terms of foreign investment, including "encourage", "restricted" and "prohibited", and all industries not listed under any of these categories are deemed to be "permitted". Pursuant to the Guidance Catalogue of Industries for Foreign Investment (2017 Revision)(《外商投資產業指導目錄(2017年修訂)》), the mobile game business that the VIE Group currently operates falls into the value-added telecommunications services and the internet cultural business, which are considered "restricted" and "prohibited", respectively. Therefore, foreign investors are prohibited from holding equity interest in an entity conducting mobile game business and are restricted to conduct value-added telecommunications services. In light of the above, as 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, is a foreign-owned company, it is not allowed to hold any equity interests of the VIE Group under the PRC laws.

Therefore, MAGN Classic Technology, Timing Advertisement and the PRC Equity Owners have entered into the VIE Contracts on 4 August 2015 to enable the financial results, the entire economic benefits and the risks of the businesses of the VIE Group to flow into MAGN Classic Technology and to enable MAGN Classic Technology to gain control over the VIE Group.

VIE Contracts

Principal terms of each of the VIE Contracts are set out as follows:

(i) Exclusive Consulting Service Agreement

Parties: MAGN Classic Technology; and Timing Advertisement

Term: the Exclusive Consulting Service Agreement shall take effect from the date of its execution until any of the following circumstances occur:

(i) the shareholder(s) of Timing Advertisement transferred all the equity interests or assets of Timing Advertisement to MAGN Classic Technology or its nominee;

(ii) MAGN Classic Technology requests for termination unilaterally (Timing Advertisement has no right to request for termination unilaterally); and

(iii) termination is required under applicable PRC laws and regulations.

Services: the services includes but not limited to:

(i) allow Timing Advertisement to use its software;

(ii) provide corporate management and consultation services, and information technology consultation services;

(iii) provide training to the staff of Timing Advertisement;

(iv) assist Timing Advertisement in the collection and research of media information, and the development and application of media management software; and

(v) provide other technical and consultation services to Timing Advertisement upon its request from time to time (as permissible under the PRC laws).

Exclusiveness: MAGN Classic Technology is appointed as the exclusive service provider of Timing Advertisement. Timing Advertisement shall not appoint any other third party providing similar services

* *For identification purpose only*

Fees: The amount and calculation method of the fee payable shall be determined by MAGN Classic Technology under the principle of profit maximization and after having considered the business condition of Timing Advertisement. Such fees will be payable annually within 3 months from the end of each calendar year by way of bank transfer. MAGN Classic Technology has the rights to adjust the payment period, payment proportion and/or actual amount of fees without restriction.

According to the Exclusive Consulting Service Agreement, Timing Advertisement shall pay service fees to MAGN Classic Technology, and the amount and calculation method of the fee payable shall be determined by MAGN Classic Technology under the principle of profit maximization and after having considered the business condition of Timing Advertisement. The principle of profit maximization shall mean that Timing Advertisement shall pay to MAGN Classic Technology a service fee that equals to the profit before taxation of Timing Advertisement, after offsetting the prior-year loss (if any), working capital requirements, expenses and tax of Timing Advertisement in any given year, and MAGN Classic Technology shall have the right to adjust the level of the service fee based on the actual service scope and with reference to the operating conditions and expansion needs of Timing Advertisement.

The exact amount of service fee payable by Timing Advertisement to MAGN Classic Technology in a given period will be determined by MAGN Classic Technology according to the operation and financial results of Timing Advertisement, which generally equals to the profit before taxation of Timing Advertisement, after offsetting the prior-year loss (if any), working capital requirements, expenses and tax of Timing Advertisement in any given year. The profit retained in the Timing Advertisement will be determined according to the necessary operating costs, expenses and taxes required for the continuation of the operation of the Timing Advertisement and hence, the VIE Group as a whole.

The VIE Contracts shall ensure that all the profits generated from Timing Advertisement and hence VIE Group as a whole will be transferred to MAGN Classic Technology, after offsetting the prior-year loss (if any), working capital requirements, expenses and tax of Timing Advertisement in any given year. Therefore, no profits will be retained in Timing Advertisement and the VIE Group, except for those amounts required for offsetting the prior-year loss (if any), working capital requirements, expenses and tax of Timing Advertisement and the VIE Group.

In line with the method generally used in the VIE structure, the business condition needs to be considered in determining the service fee payable by Timing Advertisement to MAGN Classic Technology in a given period may include without limitation to: (i) the profits generated from the VIE Group; (ii) the prior-year loss (if any), working capital requirements, expenses and tax of the VIE Group; (iii) the scope of the service provided by the MAGN Classic Technology to the VIE Group; (iv) the staff members employed by MAGN Classic Technology to provide management, market promotion, technical support, research and development and other relevant services as required to be provided to the VIE Group and the costs for providing such service; and (v) other costs and expenses incurred by MAGN Classic Technology in performing the obligations under the Exclusive Consulting Service Agreement.

According to the Exclusive Consulting Service Agreement, MAGN Classic Technology, rather than Timing Advertisement, has the rights to adjust the payment period, payment proportion and/or actual amount of fees without restriction, and determine how much of all profits generated from the VIE Group are transferred to MAGN Classic Technology, therefore the Board believes that the MAGN Classic Technology can gain control over the financing and business operation of Timing Advertisement.

(ii) Exclusive Call Option Agreement

Parties: MAGN Classic Technology; Timing Advertisement; and PRC Equity Owners

Term: the Exclusive Call Option Agreement shall take effect from the date of its execution until any of the following circumstances occur:

(i) the shareholder(s) of Timing Advertisement transferred all the equity interests or assets of Timing Advertisement to MAGN Classic Technology or its nominee;

(ii) MAGN Classic Technology requests for termination unilaterally (Timing Advertisement and the PRC Equity Owners have no right to request for termination unilaterally); and

(iii) termination is required under applicable PRC laws and regulations.

Subject: *Call Option of Equity Interest*

The PRC Equity Owners irrevocably and unconditionally agreed to grant an exclusive call option to MAGN Classic Technology, pursuant to which MAGN Classic Technology may require the PRC Equity Owners to transfer their equity interests in Timing Advertisement to MAGN Classic Technology or its nominee insofar as permitted under applicable PRC laws and regulations.

MAGN Classic Technology may exercise the call option at any time, any manner, any number of times it wishes and at the lowest price insofar as permitted under applicable PRC laws and regulations.

Call Option of Assets

Timing Advertisement irrevocably and unconditionally agreed to grant an exclusive call option to MAGN Classic Technology, pursuant to which MAGN Classic Technology may require the Timing Advertisement to transfer its assets to MAGN Classic Technology or its nominee insofar as permitted under applicable PRC laws and regulations.

MAGN Classic Technology or its nominee may exercise the call option at any time for all or part of Timing Advertisement's asset as it wishes at the lowest price insofar as permitted under applicable PRC laws and regulations.

Undertakings: *PRC Equity Owners*

Each of the PRC Equity Owners agreed to undertake, amongst others:

(i) he will not transfer or in any way dispose or create any security or third party's right on the equity interest of Timing Advertisement;

(ii) he will not alter the registered capital of Timing Advertisement, or authorize any merger, acquisition or investment by Timing Advertisement;

(iii) he will not dispose or procure the disposal of any substantial assets of Timing Advertisement;

(iv) he will not sign or terminate or procure the signing or termination of any agreement in conflict with the Exclusive Call Option Agreement (except for the other VIE Contracts);

(v) he will not procure the declaration or actual distribution of any profits, bonus or dividend by Timing Advertisement; and

(vi) he will not procure Timing Advertisement to engage in any transactions or activities which will impact the assets, rights, obligations or operation of Timing Advertisement.

Timing Advertisement

Timing Advertisement agreed to undertake, amongst others:

(i) without prior written consent of MAGN Classic Technology, it will not assist or allow the PRC Equity Owner to transfer or in any way dispose or create any security or third party's right on its equity interest; and

(ii) without prior written consent of MAGN Classic Technology, it will not transfer or in any way dispose or create any security or third party's right on its assets in a substantial aspect, or engage in any transaction or activity which will impact its assets, rights, obligations or operation.

Pursuant to the Exclusive Call Option Agreement, the PRC Equity Owners agreed to repay Magn Classic Technology the full amount of consideration for exercising the call option within 10 business days from the exercise day.

The Company undertakes that as soon as the relevant PRC laws allows the business of the VIE Group to be operated without the VIE Contracts, the Company will arrange Magn Classic Technology to unwind the VIE Contracts.

(iii) Shareholders' Voting Right Entrustment Agreement

Parties: MAGN Classic Technology; Timing Advertisement; and PRC Equity Owners

Term: the Shareholders' Voting Right Entrustment Agreement shall take effect from the date of its execution until any of the following circumstances occur:

(i) the shareholder(s) of Timing Advertisement transferred all the equity interests or assets of Timing Advertisement to MAGN Classic Technology or its nominee;

(ii) MAGN Classic Technology requests for termination unilaterally (Timing Advertisement and the PRC Equity Owners have no right to request for termination unilaterally); and

(iii) termination is required under applicable PRC laws and regulations.

Subject: The PRC Equity Owners irrevocably and unconditionally agreed to entrust to the director(s), successor(s) or receiver(s) of MAGN Classic Technology all their voting rights in Timing Advertisement, which include but not limited to the followings:

(i) as the agent of the PRC Equity Owners, to convene and attend the shareholders' meetings of Timing Advertisement;

(ii) to represent the PRC Equity Owners and discuss, approve and exercise the voting rights at the shareholders' meetings of Timing Advertisement;

(iii) any other voting rights as authorized under the articles of association of Timing Advertisement (as amended from time to time); and

(iv) to receive any general meeting notice, execute any meeting minutes or resolutions, and submit or file the relevant documents with the relevant PRC authorities on behalf of the PRC Equity Owners.

The PRC Equity Owners confirmed that no prior consent from them is required for exercising the aforesaid voting rights.

(iv) Equity Pledge Agreement

Parties: MAGN Classic Technology; Timing Advertisement; and PRC Equity Owners

Term: the Equity Pledge Agreement shall take effect from the date of its execution until any of the following circumstances occur:

(i) the shareholder(s) of Timing Advertisement transferred all the equity interests or assets of Timing Advertisement to MAGN Classic Technology or its nominee;

(ii) MAGN Classic Technology requests for termination unilaterally (Timing Advertisement and the PRC Equity Owners have no right to request for termination unilaterally); and

(iii) termination is required under applicable PRC laws and regulations.

Subject: The PRC Equity Owner agreed to pledge their equity interest in Timing Advertisement to MAGN Classic Technology as security. MAGN Classic Technology shall have the rights to dispose the pledged equity interest upon occurrence of any event of default, which includes: (i) any breach of terms or conditions, or any substantial incorrectness or misrepresentation in the representations and warranties of the Exclusive Call Option Agreement, the Shareholders' Voting Right Entrustment Agreement or the Equity Pledge Agreement by the PRC Equity Owners; and (ii) any breach of terms or conditions, or any substantial incorrectness or misrepresentation in the representations and warranties of the Exclusive Consulting Service Agreement, the Exclusive Call Option Agreement, the Shareholders' Voting Right Entrustment Agreement or the Equity Pledge Agreement by Timing Advertisement.

The PRC Equity Owners shall register the equity pledge within 10 business days from the date of Equity Pledge Agreement, and provide the documentary proof of successful registration to MAGN Classic Technology within 60 business days from the date of the Equity Pledge Agreement.

During the Reporting Period, save as disclosed in this report, there was no material change in the VIE Contracts and/or the circumstances under which they were adopted.

RISK FACTORS IN RELATION TO THE VIE CONTRACTS

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 VIE Contracts may not be as effective as direct ownership in providing control over Timing Advertisement

The Group relies on contractual arrangements under the VIE Contracts with Timing Advertisement to operate the mobile game business in the PRC. These contractual arrangements may not be as effective in providing the Group with control over Timing Advertisement as direct ownership.

The PRC Equity Owners may potentially have a conflict of interests with the Group

The Group's control over Timing Advertisement is based on the contractual arrangement under the VIE Contracts. Therefore, conflict of interests of the PRC Equity Owners will adversely affect the interests of the Company. Pursuant to the Shareholders' Voting Right Entrustment Agreement, the PRC Equity Owners will irrevocably authorize MAGN Classic Technology (or its director or successor or receiver) as their representative to exercise the voting rights of the shareholders of Timing Advertisement. Therefore, it is unlikely that there will be potential conflict of interests between the Company and the PRC Equity Owners. However, in the unlikely event that conflict of interests arises and cannot be resolved, the Company will consider removing and replacing the PRC Equity Owners.

The contractual arrangements may be subject to scrutiny of the PRC tax authorities and transfer pricing adjustments and additional tax may be imposed

The Group could face material adverse tax consequences if the PRC tax authorities determine that the arrangements under the VIE Contracts was not entered into based on arm's length negotiations. If the PRC tax authorities determine that these agreements were not entered into on an arm's length basis, they may adjust our income and expenses for PRC tax purposes in the form of a transfer pricing adjustment. A transfer pricing adjustment could adversely affect the Group's financial position by increasing the relevant tax liability without reducing the tax liabilities of Timing Advertisement, and this could further result in late payment fees and other penalties to Timing Advertisement for under-paid taxes. As a result, any transfer pricing adjustment could have a material adverse effect on the Group's financial position and results of operations.

Certain terms of the VIE Contracts may not be enforceable under PRC laws

The VIE Contracts provides for dispute resolution by way of arbitration in accordance with the arbitration rules of the Arbitration Commission. The VIE Contracts contain provisions to the effect that the arbitrators may award remedies over the shares and/or assets of Timing Advertisement or provide mandatory remedies to MAGN Classic Technology (such as mandatory transfer of asset). In addition, the parties to the VIE Contracts may also by itself/himself or through the Arbitration Commission to apply for interim remedies in the place of incorporation of MAGN Classic Technology in appropriate cases. Under PRC laws, an arbitral body does not have the power to grant any injunctive relief or provisional or final liquidation order to preserve the assets of or any equity interest in the VIE Group in case of disputes. Therefore, such remedies may not be available, notwithstanding the relevant contractual provisions contained in the VIE Contracts.

A substantial amount of costs and time may be involved in transferring the ownership of the VIE Group to the Group under the Exclusive Call Option Agreement

The Exclusive Call Option Agreement grants MAGN Classic Technology a right to acquire part or all of the equity interest in the registered capital or part or all of the assets of the Timing Advertisement at the lowest price permitted by PRC law, under which MAGN Classic Technology or its designee is entitled to acquire all or part of the equity interest of Timing Advertisement from the PRC Equity Owners and the assets of Timing Advertisement from of Timing Advertisement. Nevertheless, such rights can only be exercised by MAGN Classic Technology as and when permitted by the relevant PRC laws and regulations, in particular, when there are no limitations on foreign ownership in PRC companies that provide value-added telecommunications, Internet cultural business. In addition, a substantial amount of costs and time may be involved in transferring the ownership or assets of the VIE Group to MAGN Classic Technology if it chooses to exercise the exclusive right to acquire all or part of the equity interest and assets in the VIE Group under the Exclusive Call Option Agreement, which may have a material adverse impact on our Group's business, prospects and results of operation.

* *For identification purpose only*

The Company does not have any insurance which covers the risks relating to the VIE Contracts and the transactions contemplated thereunder

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.

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.

* *For identification purpose only*

(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 report, 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 report, 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 extensive experience of the new controlling shareholder of the Group in the fund investment industry, the Group shall continuously explore the business opportunities of investment industry in the future.

In order to spearhead the development of the asset management business of the Group, the Company has established Huili Asset Management (Zhuhai) Co. Ltd.* in the PRC, while the Group has expanded its asset management professional team since May this year to bring the overall headcount in the asset management team to more than 80 members, which consists of professionals with proven and excellent management experience in foreign investment banks, Chinese banks and large state-owned enterprises. In the future, the Group will endeavour to develop the asset management, business advisory and financial technology 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.

* *For identification purpose only*

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 subsidiaries 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 approximately 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 subsidiaries 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, 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 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. Please refer to note 23 to the consolidated financial statements.

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 furniture 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) the details of the capital commitments incurred during the year ended 31 March 2019 are set out in note 30(b) to the consolidated financial statements.

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.

Material risk factors

Details of the Group's financial risk and analysis are set out in note 34 to the consolidated financial statements.

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 participants including 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. The movements in the share options granted under the Scheme during the year ended 31 March 2019 are set out in the section headed "Share Option Scheme" in this report.

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 REPORT

The Company is committed to maintaining corporate governance of high standards and quality procedures. The Company has put in place governance practices with emphasis on the integrity to shareholders and quality of disclosure, transparency and accountability to shareholders for the sake of maximizing returns to shareholders.

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.

Below are the major corporate governance practices adopted by the Company with specific reference to the CG Code.

THE BOARD OF DIRECTORS

The Board is responsible for leading and controlling the Company, overseeing as well as the supervision of its business, approval of strategic plans and monitoring the Company's performance. The Board delegates the day-to-day operations to the executive directors and senior employees who are responsible for the oversight of each business segment's operations, while reserving certain key matters for its approval.

COMPOSITION

During the Reporting Period and up to the date of this report, the Directors have been and are:

Executive Directors

Ms. Pang Xiaoli *(Chairman) (appointed on 12 July 2018)*
Mr. Li Mingming
Mr. Hon Hoi Chuen *(appointed on 12 July 2018)*
Ms. Lin Shuxian *(appointed on 12 July 2018)*
Mr. Chen Yunchuo *(former Chairman) (resigned on 12 July 2018)*
Ms. Li Liping *(resigned on 12 July 2018)*
Mr. Cheng Rui *(resigned on 12 July 2018)*

Independent Non-executive Directors

Ms. Guan Yan *(appointed on 12 July 2018)*
Mr. Zhao Jinsong *(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)*
Mr. Ho Yuk Ming Hugo *(resigned on 12 July 2018)*

The existing Directors' biographical information is set out in pages 36 to 37 under the section headed "Biographies of Directors". Saved as disclosed in the section headed "Biographies of Directors", there is no financial, business, family or other material/relevant relationship amongst the Directors.

The Board includes a balanced composition of executive Directors and independent non-executive Directors ("**INEDs**") so that there is a strong independent element on the Board, which can effectively exercise independent judgement.

The Board has the necessary skills and experience appropriate for discharging their duties as Directors in the best interests of the Company and that the current board size is adequate for its present operations. Each Director keeps abreast of his/her responsibility as the Director and of the conduct, business activities and development of the Company.

BOARD MEETINGS

Code provision A.1.1 of the CG Code states that at least four regular Board meetings should be held each year at approximately quarterly intervals with active anticipation of a majority of directors, either in person or through other electronic means of communication.

Members of the Board met on a regular basis and on ad hoc basis to discuss the overall strategy as well as the operation and financial performance of the Group. There were fifteen Board meetings held during the year ended 31 March 2019.

Attendance of individual Directors at Board meetings held during the year ended 31 March 2019 is set out in the table below:

	Attendance/Number of Board meetings held
Executive Directors	
Ms. Pang Xiaoli *(appointed on 12 July 2018)*	7/7
Mr. Hon Hoi Chuen *(appointed on 12 July 2018)*	7/7
Ms. Lin Shuxian *(appointed on 12 July 2018)*	7/7
Mr. Li Mingming	14/15
Mr. Chen Yunchuo *(resigned on 12 July 2018)*	7/8
Ms. Li Liping *(resigned on 12 July 2018)*	1/8
Mr. Cheng Rui *(resigned on 12 July 2018)*	1/8
Independent Non-Executive Directors	
Ms. Guan Yan *(appointed on 12 July 2018)*	7/7
Mr. Zhao Jinsong *(appointed on 12 July 2018)*	7/7
Mr. Li Zhongfei *(appointed on 12 July 2018)*	6/7
Mr. Xiong Hong *(resigned on 12 July 2018)*	3/8
Mr. Wan Tat Wai David *(resigned on 12 July 2018)*	5/8
Mr. Ho Yuk Ming Hugo *(resigned on 12 July 2018)*	8/8

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.

NON-EXECUTIVE DIRECTORS

There were no non-executive Directors who are not INED(s) during the year ended 31 March 2019.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has complied at all times with rules 5.05(1) and (2), and 5.05A of the GEM Listing Rules that at least three INEDs sit in the Board (at least one third of the Board members) and at least one of them has appropriate professional accounting or related financial management expertise.

Each INED has made an annual confirmation of independence pursuant to rule 5.09 of the GEM Listing Rules. The Company is of the view that all INEDs meet the independence guidelines set out in rule 5.09 of the GEM Listing Rules and are independent in accordance with the terms of the guidelines.

For the year ended 31 March 2019, all the INEDs have entered into a service contract with the Company for an initial term of three years, unless terminated by not less than three months' notice in writing served by either party on the other. The CG Code provision A.4.1 has been complied.

CORPORATE GOVERNANCE STRUCTURE

The Board is entrusted with the duty to put in place a proper corporate governance structure of the Company. It is primarily responsible for setting directions, formulating strategies, monitoring performance and managing the risks of the Group. Under the Board, there are currently three committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee. The Audit Committee and Remuneration Committee perform their distinct roles in accordance with their respective terms of reference and assist the Board in supervising certain functions of the senior management. The Nomination Committee assists the Board in nominating candidates for directorship, reviewing the size and composition and board diversity of the Board and making recommendation to the Board on appointment of directors. Each of the committees is established with defined written terms of reference which are available on the Company's website and the GEM website.

REMUNERATION COMMITTEE

The Remuneration Committee is responsible for making recommendations to the Board regarding the Group's policy and structure for remuneration of Directors and senior management and determining the specific remuneration packages of Directors and senior management of the Company.

The remuneration policy of the Directors is recommended by the Remuneration Committee, having regard to the market terms, individual experience, duties and responsibilities.

Directors' emoluments comprise payments to Directors by the Company and its subsidiaries in connection with the management of the affairs of the Company and its subsidiaries. The amounts paid to each Director for the year ended 31 March 2019 are set out in note 29 to the consolidated financial statements.

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

Mr. Li Zhongfei *(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. Zhao Jinsong *(appointed on 12 July 2018)*
Mr. Xiong Hong *(resigned on 12 July 2018)*
Mr. Wan Tat Wai David *(resigned on 12 July 2018)*

The Remuneration Committee is scheduled to meet at least once a year. Two meetings were held during the year ended 31 March 2019. The attendance of each member is set out as follows:

	Attendance/ eligible to attend
Mr. Li Zhongfei *(Chairman) (appointed on 12 July 2018)*	0/1
Mr. Ho Yuk Ming Hugo *(former Chairman) (resigned on 12 July 2018)*	1/1
Ms. Guan Yan *(appointed on 12 July 2018)*	1/1
Mr. Zhao Jinsong *(appointed on 12 July 2018)*	1/1
Mr. Xiong Hong *(resigned on 12 July 2018)*	1/1
Mr. Wan Tat Wai David *(resigned on 12 July 2018)*	0/1

Summary of Works

With reference to the terms of reference of the Remuneration Committee, the primary responsibilities of the Remuneration Committee include (for the complete terms of reference, please refer to the Group's website www.kingforce.com.hk):

1. consulting the Chairman and/or chief executive about their remuneration proposals for other executive Directors;

2. making recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

3. reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives;

4. making recommendations to the Board on the remuneration packages of individual executive Directors and senior management;

5. reviewing the Company's remuneration policy and recommending it for the Board's adoption, and making recommendations to the Board on the remuneration of non-executive Directors;

6. considering salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Company and its subsidiaries;

7. reviewing and approving compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive; and

8. reviewing and approving compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate.

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

NOMINATION COMMITTEE

The Nomination Committee is responsible for nominating potential candidates for directorship, reviewing the nomination of directors and making recommendations to the Board on such appointments.

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

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

The Nomination Committee is scheduled to meet at least once a year for the review of the structure, size, composition and board diversity (including skills, knowledge and experience) of the Board. In addition, the Nomination Committee also meets as it is required to consider nomination related matters. Two meetings were held during the year ended 31 March 2019. The attendance of each member is set out as follows:

	Attendance/ eligible to attend
Ms. Pang Xiaoli *(Chairman) (appointed on 12 July 2018)*	1/1
Mr. Chen Yunchuo *(former Chairman) (resigned on 12 July 2018)*	1/1
Mr. Zhao Jinsong *(appointed on 12 July 2018)*	1/1
Mr. Li Zhongfei *(appointed on 12 July 2018)*	0/1
Mr. Xiong Hong *(resigned on 12 July 2018)*	1/1
Mr. Ho Yuk Ming Hugo *(resigned on 12 July 2018)*	1/1
Mr. Wan Tat Wai David *(resigned on 12 July 2018)*	0/1

Summary of Works

With reference to the terms of reference the Nomination Committee, the primary responsibilities of the Nomination Committee include (for the complete terms of reference please refer to the Group's website www.kingforce.com.hk):

1. reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board and making recommendations on proposed changes, if any, to the Board to complement the Company's corporate strategy;

2. reviewing the Company's board diversity policy and the progress on achieving the objectives set for implementing the said policy;

3. identifying individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

4. assessing the independence of independent non-executive Directors; and

5. making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive.

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

Board Diversity Policy

The Group has adopted policy in relation to the diversity of the members of the Board (the "**Board Diversity Policy**") and the summary of the policy is as follows:

1. selection of Board members will be based on a range of diversity perspectives, which would include but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service; and

2. the Nomination Committee will monitor the implementation of the Board Diversity Policy from time to time to ensure the effectiveness of the Board Diversity Policy.

For the purpose of implementation of the Board Diversity Policy, the following measurable objectives were adopted:

1. The Company should comply with the requirements on board composition in the GEM Listing Rules from time to time.

2. The number of independent non-executive Directors should be not less than three and one-third of the Board.

3. At least one of the independent non-executive Directors must have appropriate professional qualifications or accounting or related financial management expertise.

4. At least one Director should be the professional or have intensive experience of the industry on which the business of the Group is.

The Board has achieved the measurable objectives under the Board Diversity Policy for the year ended 31 March 2019.

Implementation and Monitoring

The Nomination Committee reviewed the Board's composition under diversified perspectives, and monitored the implementation of the Board Diversity Policy annually.

The Nomination Committee has reviewed the board diversity policy to ensure its effectiveness and considered that the Group had complied the board diversity policy during the Report Period.

Director's Nomination Policy

The director's nomination policy of the Company (the "**Director's Nomination Policy**") was adopted by the Board and became effective on 1 January 2019 and the Nomination Committee is responsible for execution.

Director Nomination Process

The Nomination Committee utilizes various methods for identifying director candidates, including recommendations from Board members, management, and headhunters. The Nomination Committee may also put forward director candidates who are not nominated by Board members. In addition, the Nomination Committee will consider director candidates properly submitted by shareholders of the Company through formal procedures set out in the Company's Procedures for Shareholders to Propose a Person for Election as a Director.

For filling a casual vacancy, the Nomination Committee shall make recommendations for the Board's consideration and approval. For proposing director candidates to stand for election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation.

All director candidates, including incumbents and candidates nominated by shareholders of the Company are evaluated by the Nomination Committee based upon the director's qualifications. While director candidates will be evaluated on the same criteria, the Nomination Committee retains the discretion to establish the relative weighting of such criteria, which may vary based on the composition, skill sets, and experiences of the collective Board rather than on the individual candidate.

The Board shall have the final decision on all matters relating to the recommendation of director candidates by the Nomination Committee to stand for election at any general meeting. The Board will take such recommendations under advisement and is responsible for designating the director candidates to be elected at the annual general meeting of the Company and electing directors to fill Board vacancies.

Procedure for Appointment of New Director

Director candidates will be asked to submit the necessary personal information in a prescribed form, together with their written consent to be appointed as a Director and to the public disclosure of their personal data on any documents or the relevant websites for the purpose of or in relation to their standing for election as a Director.

The Nomination Committee shall, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the director candidate, evaluate such director candidate based on the criteria as set out below to determine whether such director candidate is qualified for directorship.

If the process yields one or more desirable director candidates, the Nomination Committee shall rank them by order of preference based on the needs of the Company and reference check of each director candidate (where applicable).

For any person that is nominated by a shareholder for election as a Director at the general meeting of the Company, the Nomination Committee shall evaluate such director candidate based on the criteria as set out below to determine whether such director candidate is qualified for directorship and where appropriate, the Nomination Committee and/or the Board shall make recommendation to Shareholders in respect of the proposed election of Director at the general meeting.

A director candidate is allowed to withdraw his/her candidature at any time before the general meeting by serving a notice in writing to the company secretary of the Company.

Until the issue of the shareholder circular, the nominated persons shall not assume that they have been proposed by the Board to stand for election at the general meeting.

Procedure for Re-appointment of Director at General Meeting

The Nomination Committee shall review the overall contribution and service to the Company of the retiring Directors including their attendance of Board meetings and, where applicable, general meetings, and the level of participation and performance on the Board.

The Nomination Committee shall also review and determine whether the retiring Directors continue to meet the criteria as set out below.

The Nomination Committee and/or the Board shall then make recommendation to the shareholders of the Company in respect of the proposed re-election of Directors at the general meeting.

Director Selection Criteria

The Nomination Committee considers the following qualifications are at a minimum to be required of a director candidate in recommending to the Board potential new Director, or the continued service of existing Director:

(a) the highest personal and professional ethics and integrity;

(b) proven achievement and competence in the nominee's field and the ability to exercise sound business judgment;

(c) qualifications including professional qualifications, skills, knowledge and experience that are complementary to those of the existing Board;

(d) the ability to assist and support management and make significant contributions to the Company's success;

(e) the contribution on diversity of the Board and any measurable objectives adopted by the Nomination Committee for achieving diversity on the Board;

(f) an understanding of the fiduciary responsibilities that is required of a member of the Board and the commitment of time and energy necessary to diligently carry out those responsibilities; and

(g) meet the "independence" criteria as required under the GEM Listing Rules and the composition of the Board is in conformity with the provisions of the GEM Listing Rules from time to time (where applicable).

Other than the foregoing, there are no stated minimum criteria for director candidate, although the Nomination Committee may also consider such other factors as it may deem are in the best interests of the Company and the shareholders of the Company.

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 report, 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)*

The Audit Committee is scheduled to meet at least four times a year. Five meetings were held during the year ended 31 March 2019. The attendance of each member is set out as follows:

	Attendance/ eligible to attend
Mr. Zhao Jinsong *(Chairman) (appointed on 12 July 2018)*	3/3
Mr. Ho Yuk Ming Hugo *(former Chairman) (resigned on 12 July 2018)*	2/2
Ms. Guan Yan *(appointed on 12 July 2018)*	3/3
Mr. Li Zhongfei	3/3
Mr. Xiong Hong *(resigned on 12 July 2018)*	1/2
Mr. Wan Tat Wai David *(resigned on 12 July 2018)*	1/2

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 this report, 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 this report complies 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 report.

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.

Corporate Governance Functions

The Board is responsible for performing the corporate governance duties as set out in the terms of reference equivalent to code provision D.3.1 of the CG Code. During the year ended 31 March 2019, the policies of the corporate governance of the Company were reviewed by the Board.

ACCOUNTABILITY AND AUDIT

Directors' Responsibilities for Financial Reporting

The Directors acknowledged their responsibility for preparing the financial statements for each financial period to give a true and fair view of the state of affairs of the Company and their responsibilities stated on a statement by the auditors in the auditors' report on the financial statements. In preparing the financial statements for the year ended 31 March 2019, the Directors have selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the financial statements on a going concern basis.

The statement of the external auditors of the Company regarding their reporting responsibilities on the financial statement of the Company is set out in the section "Independent Auditor's Report" of this report.

External Auditor's Remuneration

During the year ended 31 March 2019, the fees for the services provided by the Company's auditor are set out as follows:

	HKD
Audit services	**944,000**
Non-audit services	**320,000**
	1,264,000

The non-audit services mainly consisted of the financial reporting in relation to the preparation of the prospectus in relation to the Rights Issue.

Risk Management and Internal Control

The Board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems. The internal control system includes safeguard of the interest of shareholders and the Group's assets. It has been an important duty of the Board to conduct a review of internal control to ensure the effectiveness and adequacy of the system of the Group annually or at any time necessary. The review covers all material controls, including financial, operational and compliance controls, as well as risk management functions.

The Group has engaged an external independent consultant to conduct the annual review on the effectiveness of the internal control system. Review of the Group's internal controls covering major operational, financial and compliance controls, as well as risk management functions of different systems has been performed on a systematic rotational basis on the risk assessments of the operations and controls. No major issues on the internal control system have been identified during the year ended 31 March 2019.

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

Every newly appointed director will receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the GEM Listing Rules and relevant statutory requirements. Directors are continually updated on developments in the statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities. Continuing briefing and professional development for directors will be arranged at the expenses of the Company where necessary. During the year under review, each of the Directors has participated in continuous professional development by attending seminars and/or studying materials relevant to director's duties and responsibility.

During the Reporting Period, the Board held three general meetings, namely, the annual general meeting on 28 August 2018 and the extraordinary general meetings on 20 April 2018 and 4 September 2018. The attendance record of the Directors who was eligible to attend the general meetings is set out below:

	Attendance/ Number of general meetings
Executive Directors	
Ms. Pang Xiaoli *(appointed on 12 July 2018)*	2/2
Mr. Hon Hoi Chuen *(appointed on 12 July 2018)*	2/2
Ms. Lin Shuxian *(appointed on 12 July 2018)*	2/2
Mr. Li Mingming	3/3
Mr. Chen Yunchuo *(resigned on 12 July 2018)*	0/1
Ms. Li Liping *(resigned on 12 July 2018)*	1/1
Mr. Cheng Rui *(resigned on 12 July 2018)*	0/1
Independent Non-Executive Directors	
Ms. Guan Yan *(appointed on 12 July 2018)*	2/2
Mr. Zhao Jinsong *(appointed on 12 July 2018)*	2/2
Mr. Li Zhongfei *(appointed on 12 July 2018)*	2/2
Mr. Xiong Hong *(resigned on 12 July 2018)*	0/1
Mr. Wan Tat Wai David *(resigned on 12 July 2018)*	1/1
Mr. Ho Yuk Ming Hugo *(resigned on 12 July 2018)*	1/1

COMPANY SECRETARY

The company secretary, Ms. Lam Yuen Ling Eva ("**Ms. Lam**"), is delegated by an external service provider. The external service provider's primary contact person at the Company is Ms. Pang Xiaoli, the executive Director, the chairman of the Board and the compliance officer of the Group. Ms. Lam has complied with Rule 5.15 of GEM Listing Rules by taking no less than 15 hours of relevant professional training to update her skills and knowledge during the year ended 31 March 2019. Ms. Lam is a fellow of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators.

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.

DIRECTORS' AND OFFICERS' LIABILITIES

The Company has arranged for appropriate insurance covering the liabilities of the Directors that may arise out the corporate activities, which has been complied with the CG Code. The insurance coverage is reviewed on an annual basis.

RELATED PARTY TRANSACTIONS POLICY

During the year ended 31 March 2019, the related party transactions, if any, are periodically reviewed and approved by the Audit Committee.

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

The Company uses two-way communication channels to account to shareholders and investors for the performance of the Company. In order to maintain good and effective communication, the Company together with the Board extend their invitation to all shareholders and encourage them to attend the forthcoming AGM and all future general meetings at which Directors are available to answer questions on the business. Extensive information about the Group's activities is provided in its annual report, interim report and quarterly reports which are sent to shareholders and investors. The Company's announcements, press releases and publications are published and are also available on the GEM website and on the Company's website at www.kingforce.com.hk.

Convening of Extraordinary General Meeting on Requisition by Shareholders

Pursuant to Article 64 of the articles of association of the Company (the "**Articles**"), the Board may, whenever it thinks fit, convene an extraordinary general meeting ("**EGM**"). EGMs shall also be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the company secretary of the Company for the purpose of requiring an EGM to be called by the Board for the transaction of any business specified in such requisition. If, within 21 days of such deposit, the Board fails to proceed to convene such meeting, all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for Shareholders' Nomination of Directors

Pursuant to article 113 of the Articles, no person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office or at the registration office of the Company. The period for lodgement of the notices required under the Articles will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least 7 days.

Procedures for Putting Forward Proposals at General Meetings

Shareholders can also send enquiries and proposals to be put forward at general meetings for shareholders' consideration to the Board or company secretary by mail to the head quarter of the Company at Room 2008, 20/F., West Tower, Shun Tak Centre, 200 Connaught Road, Central, Hong Kong.

Procedures for Directing Shareholders' Enquiries to the Board

Shareholders have the right to put enquiries to the Board. All enquiries shall be in writing and sent by post to the principal place of business of the Company in Hong Kong for the attention of the company secretary.

Significant Changes in Constitutional Documents

Pursuant to the Change of Company Name, consequential amendments to the Memorandum and Articles of Association to replace all references therein to "King Force Group Holdings Limited 冠輝集團控股有限公司" with "Greatwalle Inc. 長城匯理公司" have been made, and the Memorandum and Articles of Association has been restated as per the special resolution by the Shareholders in the 2018 Second EGM. For details, please refer 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.

Dividend Policy

The dividend policy of the Company (the "**Dividend Policy**") was adopted by the Board and became effective on 1 January 2019.

The Dividend Policy is to ensure that the Board maintains an appropriate procedure on declaring and recommending the dividend payment of the Company. The Board endeavors to strike a balance between the shareholders' interests and prudent capital management with a sustainable dividend policy.

The declaration and recommendation of dividends is subject to the decision of the Board after considering the Company's ability to pay dividends, which will depend upon, among other things:

- the Group's financial results;
- the Group's cashflow, liquidity and capital requirements;
- the Group's debt to equity ratios and the debt level;
- the retained earnings and distributable reserves of the Group;
- the Group's shareholders' interests;
- the Group's current and future business operations, conditions, cycle and strategies;
- the general market conditions;
- the shareholders' and the investors' expectation and industry's norm;
- any restrictions on payment of dividends that may be imposed by the Group's lenders;
- statutory and regulatory restrictions;
- past dividend record; and
- any other factors the Board may deem relevant.

The Board has complete discretion on whether to pay a dividend and the form to pay, subject to any restrictions under the Companies Laws of Cayman Islands and the Articles. Any final dividends declared by the Company must be approved by an ordinary resolution of the Shareholders at an annual general meeting and must not exceed the amount recommended by the Board. The Board may also consider declaring special dividends from time to time, in addition to the interim and/or final dividends. There is no assurance that dividends will be paid in any particular amount for any given period.

The Company shall review and reassess the Dividend Policy and its effectiveness from time to time. Any revisions to the Dividend Policy shall be considered and approved by the Board.

BIOGRAPHIES OF DIRECTORS

As at the date of this report, the biographies of Directors are set out as below:

EXECUTIVE DIRECTORS

Ms. Pang Xiaoli ("**Ms. Pang**"), aged 40, was appointed as an executive Director, compliance officer of the Company and chairman of the Board on 12 July 2018. She is also the chairman of the nomination committee of the Company. She is also an executive director, legal representative and general manager of 深圳玖立投資諮詢有限公司 (Shenzhen Jiuli Investment Advisory Co., Ltd.*). Ms. Pang is the executive director and chief financial officer of Great Walle Investment. She joined Great Walle Investment in May 2013. Ms. Pang obtained a bachelor degree in Economics from the Dongbei University of Finance and Economics in PRC in July 2002. Ms. Pang graduated from the EMBA programme of the Cheung Kong Graduate School of Business in September 2018.

Mr. Hon Hoi Chuen ("**Mr. Hon**"), aged 44, was appointed as an executive Director on 12 July 2018. He is the executive director of Great Walle Investment. In 2017, Mr. Hon was the vice president of First Capital Fund Management Company Limited* (首控基金管理有限公司), a wholly owned subsidiary of China First Capital Group Limited which is listed on the Stock Exchange (stock code: 1269), and from September 2012 to December 2015, he worked for Henan Agri-investment Fund Co., Ltd.* (河南農開投資基金管理有限公司) and his last position was the deputy general manager. From April 1999 to August 2012, he also held positions in various departments of Bank of China Hong Kong, including the Corporate Banking, Financial Institutions and Product Management Department.

Mr. Hon obtained a bachelor degree in International Finance from Sun Yat-sen University in the PRC in June 1997.

Ms. Lin Shuxian ("**Ms. Lin**"), aged 37, was appointed as an executive Director on 12 July 2018. She is also a director of certain subsidiaries of the Company. She is the deputy investment director of the Investment Department at Great Walle Investment. From November 2007 to May 2009, Ms. Lin was the financial analyst at the Business Valuation Department of Shenzhen Branch, Jones Lang LaSalle Sallmanns (Beijing) Consultants Limited* (仲量聯行西門(北京)諮詢有限公司深圳分公司) (currently renamed as Shenzhen Branch, Jones Lang LaSalle (Beijing) Consultants Limited* (仲量聯行(北京)諮詢有限公司深圳分公司). From November 2009 to September 2015, Ms. Lin was the senior manager at the Investment Banking Department of First Shanghai Venture Capital Management (Shenzhen) Co., Ltd. Ms. Lin is also a director of certain subsidiaries of the Company.

Ms. Lin obtained a master of science degree in Financial Decision Analysis from the University of Portsmouth in July 2007.

Mr. Li Mingming ("**Mr. Li**"), aged 30, was appointed as an executive Director on 24 September 2015. He is also a director of certain subsidiaries of the Company. Mr. Li graduated from Hubei University of Technology Engineering and Technology College (湖北工業大學工程技術學院) with a bachelor degree in communications engineering in June 2012. Mr. Li is also a director of certain subsidiaries of the Company. Mr. Li served as a product manager in China Mobile Group Hubei Company Limited (中國移動通信集團湖北有限公司) in 2012 and an executive general manager in Jingmen City Tianlu Hotel Management Co., Ltd. (荊門市天祿酒店管理有限公司) from 2013 to 2014. He has experience in management.

* *For identification purpose only*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Guan Yan ("**Ms. Guan**"), aged 38, was appointed as an independent non-executive Director on 12 July 2018. She is also a member of the audit committee and remuneration committee of the Company. She was employed by Peregrine Services Limited, the service company of Herbert Smith Freehills Hong Kong from November 2003 to September 2007 and her last position was legal manager of that company. From January 2008 to March 2018, Ms. Guan held various positions at Shearman & Sterling, Hong Kong Office (including legal assistant, registered foreign lawyer, assistant solicitor and consultant). Ms. Guan is a legal counsel at New World Development Company Limited since April 2019. Ms. Guan obtained a bachelor degree in Laws from the Peking University in July 2002, a master of Laws from University College London in November 2003 and a master of Laws in corporate law degree from the New York University in May 2006.

Mr. Zhao Jinsong ("**Mr. Zhao**"), aged 43, was appointed as an independent non-executive Director on 12 July 2018. He is also the chairman of the audit committee of the Company and a member of the nomination committee and remuneration committee of the Company. He worked in 中華人民共和國審計署駐深圳特派員辦事處 (Shenzhen Branch, National Audit Office of the People's Republic of China*) from July 2000 to June 2017, and his last position was the Commissioner of that office.

Mr. Zhao obtained a bachelor's degree in International Finance from the Sun Yat-sen University in the PRC in June 1997. He further obtained a master of Finance degree from the Sun Yat-sen University in the PRC in June 2000. Mr. Zhao was accredited as a member of The Association of Chartered Certified Accountants in November 2006, a fellow member of The Association of Chartered Certified Accountants in April 2012 and was granted the designation of Financial Risk Manager from the Global Association of Risk Professionals in March 2017.

Mr. Li Zhongfei ("**Mr. Li**"), aged 55, was appointed as an independent non-executive Director on 12 July 2018. He is also the chairman of the remuneration committee of the Company and a member of the audit committee and nomination committee of the Company. He is currently a professor of Sun Yat-sen Business School and director of Center for Financial Engineering and Risk Management of Sun Yat-sen University in the PRC. Mr. Li is also a member of editorial board of Journal of Sun Yat-sen University (Social Science Edition).

Mr. Li obtained a bachelor of science from Lanzhou University in the PRC in July 1985, and then a master of science from Inner Mongolia University in the PRC in June 1990. He further obtained a Ph.D. in Management from the Academy of Mathematics and Systems Science of the Chinese Academy of Sciences in the PRC in August 2000.

* *For identification purpose only*

REPORT OF THE DIRECTORS

The Board is pleased to present the annual report together with the audited consolidated financial statements for the year ended 31 March 2019.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activity of the Company and its subsidiaries are set out in notes 1 and 28 to the consolidated financial statements, respectively.

BUSINESS REVIEW

A review of the business of the Group for the Reporting Period and a discussion on the Group's future business development are provided in the Management Discussion and Analysis on pages 5 to 21. The principal risks and uncertainties facing the Group are provided in the Management Discussion and Analysis on page 12 and disclosed in the section headed "Financial risk management" in note 34 to the consolidated financial statements.

Important events affecting the Group is provided in the Management Discussion and Analysis on pages 5 to 21 and disclosed in the section headed "Events after the reporting date" in note 38 to the consolidated financial statements since the end of the financial year under review.

An analysis of the Group's performance during the year using financial key performance indicators is provided in the Five Years' Financial Summary on page 148. The Group is committed to supporting the environmental sustainability. The Group has complied with laws and regulations regarding environmental protection and adopted effective measures to achieve efficient use of resources and energy saving. Green initiatives and measures have been adopted in the Group's operation. More details will be disclosed in the "Environmental, Social and Governance Report" which will be issued in accordance with the requirements under the GEM Listing Rules.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Directors recognise that employees, customers and business partners are the keys to the sustainable development of the Group. The Group is committed to building a close and caring relationship with its employees and business partners and improving the quality of services to the customers.

Employees are regarded as the most important and valuable assets of the Group. The Group ensures all staff is reasonably remunerated, strives to motivate its employees with a clear career path and opportunities for advancement and improvement of their skills.

The Group also stays connected with its customers and suppliers and has ongoing communication with the customers and suppliers through various channels such as telephone, electronic mails and physical meetings to obtain their feedback and suggestions.

CONSOLIDATED FINANCIAL STATEMENTS

The results of the Group and the state of the Group's and the Company's affairs for the year ended 31 March 2019 are set out in the consolidated financial statements on page 56 to 147.

DIVIDEND

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

CLOSURE OF REGISTER OF MEMBERS

As the forthcoming annual general meeting of the Company (the "**AGM**") will be held on 6 August 2019 (Tuesday), the register of members of the Company will be closed from 1 August 2019 (Thursday) to 6 August 2019 (Tuesday) (both days inclusive) for the said AGM or any adjournment thereof. All transfer of the Company's Shares together with the relevant share certificates must be lodged with the Company's branch share registrar and transfer office no later than 4:30 p.m. on 31 July 2019 (Wednesday) in order to qualify for the right to attend and vote at the meeting (or any adjournment thereof). The share registrar and transfer office is at:

Address:	Tricor Investor Services Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong	(with effect from 11 July 2019: Level 54, Hopewell Centre 183 Queen's Road East Hong Kong)

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past five financial years are set out on page 148.

PROPERTY, PLANT AND EQUIPMENT

Details of movements of the property, plant and equipment of the Group during the Reporting Period are set out in note 14 to the consolidated financial statements.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries during the Reporting Period are set out in note 28 to the consolidated financial statements.

SHARE CAPITAL AND SHARE PREMIUM

The Company's total issued share capital as at 31 March 2019 was 1,243,662,655 ordinary Shares of HK$0.01 each.

Details of movements of the share capital and the share premium of the Company during the Reporting Period are set out in notes 24 and 25 to the consolidated financial statements, respectively.

EQUITY-LINKED AGREEMENTS

Save as disclosed in the section headed "**Share Option Scheme**" of this report, no equity-linked agreement was entered into by the Company during the Reporting Period.

CHARITABLE DONATIONS

During the Reporting Period, there was no charitable and other donations made by the Group (2018: HK$19,000).

EMOLUMENT POLICY FOR DIRECTORS

The Remuneration Committee was set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors of the Group. The remunerations of the Directors are determined with reference to the economic situation, the market condition, the responsibilities and duties assumed by each Director as well as their individual performance.

RESERVES

Details of movements of reserves of the Group are set out in the consolidated statement of changes in equity on page 59.

As at 31 March 2019, the reserves of the Company available for distribution, as calculated under the provisions of Cayman Islands' legislation, were approximately HK$8,029,000 (2018: approximately HK$22,626,000).

DIRECTORS

The Directors during the year ended 31 March 2019 and up to the date of this report were:

	Appointed on	Resigned/ Retired on
Executive Directors		
Ms. Pang Xiaoli	12/7/2018	N/A
Mr. Hon Hoi Chuen	12/7/2018	N/A
Ms. Lin Shuxian	12/7/2018	N/A
Mr. Li Mingming	24/9/2015	N/A
Mr. Chen Yunchuo	1/2/2016	12/7/2018
Ms. Li Liping	7/12/2016	12/7/2018
Mr. Cheng Rui	8/2/2017	12/7/2018
Independent non-executive Directors		
Ms. Guan Yan	12/7/2018	N/A
Mr. Zhao Jinsong	12/7/2018	N/A
Mr. Li Zhongfei	12/7/2018	N/A
Mr. Xiong Hong	24/6/2016	12/7/2018
Mr. Wan Tat Wai David	19/9/2016	12/7/2018
Mr. Ho Yuk Ming Hugo	19/9/2016	12/7/2018

The Directors' biographical details are set out in the section headed "Biographies of Directors" in this report.

Information regarding Directors' emoluments is set out in note 29 to the consolidated financial statements.

An annual confirmation of independence pursuant to the requirements under Rule 5.09 of the GEM Listing Rules has been received from each of the independent non-executive Directors.

DIRECTORS' SERVICE CONTRACTS

Each of the existing executive Directors has entered into service contract with the Company for the year ended 31 March 2019. Each of the existing INEDs has entered into a service contract with the Company for a term of three years unless terminated by not less than three months' notice in writing served by either party on the other.

No director proposed for re-election at the forthcoming AGM has a service contract which is not determinable by the Group within one year without payment of compensation, other than statutory compensation. The non-executive Director of the Company was appointed for a fixed period but subject to retirement from office and re-election at the AGM of the Company in accordance with the Articles .

In accordance with Article 112 of the Articles, any director appointed by the Board either to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

Pursuant to Article 108 of the Articles, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

In accordance with Article 108 of the Articles, Ms. Pang Xiaoli, Mr. Li Mingming and Ms. Lin Shuxian will retire from office as Directors at the AGM.

Mr. Li Mingming has notified the Board that he will not be standing for re-election as an executive Director at the AGM and will retire by rotation as an executive Director pursuant to article 108 of the Articles of Association at the conclusion of the AGM. Only Ms. Pang and Ms. Lin, being eligible, will offer themselves for re-election at the AGM. Further details about this proposed appointment will be contained in the notice for the forthcoming AGM.

Subject to the approval by the Shareholders, the Board proposed to appoint Mr. Song Xiaoming to fill the vacancy created by the retirement of Mr. Li Mingming as an executive Director, with effect from the date of the AGM. Further details about this proposed appointment will be contained in the notice for the forthcoming AGM.

Each of the executive Directors shall also be entitled to discretionary bonus to be determined by the Board based on, among other things, the performance of the individual directors and the overall financial position of the Group, and is subject to the recommendation of the Remuneration Committee.

DISCLOSURE OF INTERESTS

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

As at 31 March 2019, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to Rule 5.46 to 5.68 of the GEM Listing Rules, were as follows:

Long position in the Shares and underlying Shares of the Company

Name of Directors	Capacity/ Nature of interests	Number of shares, underlying shares held/ interested	Approximate percentage of the total number of issued shares of the Company
Pang Xiaoli	Beneficial owner	12,709,765	1.02%
Hon Hoi Chuen	Beneficial owner	9,156,186 *(Note)*	0.74%
Lin Shuxian	Beneficial owner	9,156,186 *(Note)*	0.74%
Li Mingming	Beneficial owner	9,156,186 *(Note)*	0.74%
Guan Yan	Beneficial owner	915,618 *(Note)*	0.07%
Zhao Jinsong	Beneficial owner	915,618 *(Note)*	0.07%
Li Zhongfei	Beneficial owner	915,618 *(Note)*	0.07%

Note: These shares represent the share options granted by the Company on 14 December 2018 under the Share Option Scheme.

Interest in the associated corporations

Name of Directors	Name of the associated corporations	Capacity/ Nature of interests	Number of shares, underlying shares held/ interested	Approximate percentage of the total number of issued shares of the associated corporations
Pang Xiaoli	深圳匯理九號投資諮詢企業(有限合夥) (Shenzhen Huili Jiu Hao Investment Consulting Enterprise Limited Partnership*)	Beneficial owner	10,000 *(Note 1)*	0.2000%
	深圳長城匯理投資股份有限公司 (Shenzhen Great Walle Investment Corp., Ltd.*)	Beneficial owner Interest in a controlled corporation	67,710 27,509 *(Note 2)*	1.2185% 0.4950%

Notes:

1. The associated corporation is a limited partnership with no share description or shares. The total number of shares represented the amount of capital contributed.

2. These shares are beneficially owned by 深圳明鉞科技有限公司 (Shenzhen Mingyue Technology Company Limited*), a company wholly owned by Ms. Pang, and therefore Ms. Pang is deemed to be interested in these shares under the SFO.

All the interests disclosed above represent long position in the shares.

Save as disclosed above, as at 31 March 2019, none of the Directors or chief executive of the Company had any interest or short position in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rules 5.46 to 5.47 of the GEM Listing Rules.

* *For identification purpose only*

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS WHO ARE REQUIRED TO DISCLOSE THEIR INTERESTS IN SECURITIES OF THE COMPANY

As at 31 March 2019, persons (other than a director or chief executive of the Company) who had interests or short positions in the Shares and underlying Shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

Long positions in the Shares and underlying Shares of the Company

Name of substantial shareholders	Capacity/ Nature of interests	Number of shares held/ interested	Approximate percentage of the total number of issued shares of the Company
Greatwalle Holding Limited	Beneficial owner	691,743,922	55.62%
Song Xiaoming	Interest of corporation controlled by the substantial shareholder *(Note)*	691,743,922	55.62%
廣州南沙區匯銘投資業務有限公司 (Guangzhou Nansha Huiming Investment Business Company Limited*)	Interest of corporation controlled by the substantial shareholder *(Note)*	691,743,922	55.62%
深圳匯理九號投資諮詢企業(有限合夥) (Shenzhen Huili Jiu Hao Investment Consulting Enterprise Limited Partnership*)	Interest of corporation controlled by the substantial shareholder *(Note)*	691,743,922	55.62%
深圳長城匯理投資股份有限公司 (Shenzhen Great Walle Investment Corp., Ltd.*)	Interest of corporation controlled by the substantial shareholder *(Note)*	691,743,922	55.62%

Note: According to information available to the Company, 691,743,922 are held by Greatwalle Holding Limited in the capacity of beneficial owner. Greatwalle Holding Limited is wholly-owned by 廣州南沙區匯銘投資業務有限公司 ("**Nansha Huiming**"). Nansha Huiming is held as to approximately 99.9995% by 深圳匯理九號投資諮詢企業(有限合夥) ("**Huili Jiu Hao Investment**"), and as to 0.0005% by Mr. Song Xiaoming ("**Mr. Song**"). Huili Jiu Hao Investment is held as to 99.80% by 深圳長城匯理投資股份有限公司 ("**Great Walle Investment**"). Great Walle Investment is ultimately controlled by Mr. Song (as to approximately 70.9357% directly, and as to approximately 21.9995% indirectly through a wholly-owned company, 深圳弘德商務服務有限公司). As such, each of Nansha Huiming, Huili Jiu Hao Investment, Great Walle Investment and Mr. Song is deemed to be interested in 691,743,922 shares of the Company held by Greatwalle Holding Limited under the SFO.

Save as disclosed above, as at 31 March 2019, the Company had not been notified of other interests or short positions of any other person (other than the Directors, chief executives and substantial shareholders of the Company) in the Shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

* *For identification purpose only*

SHARE OPTION SCHEME

The Company adopted the Share Option Scheme on 31 July 2014 which will remain in force for a period of 10 years from the effective date of the Share Option Scheme. The purpose of the Share Option Scheme is to enable the Company to grant options to selected participants as incentives or rewards them for their contribution. The Directors consider the Share Option Scheme, with its broadened basis of participation, will enable the Group to reward the employees, the Directors and other selected participants for their contributions to the Group. The Board may, at its absolute discretion and on such terms as it may think fit, grant any employee (full-time or part-time), director, consultant or adviser of the Group, or any substantial shareholder of the Group, or any distributor, contractor, supplier, agent, customer, business partner or services provider of the Group, options to subscribe at a price calculated in accordance with the basis below for such number of Shares as it may determine in accordance with the terms of the Share Option Scheme. The basis of eligibility of any participant to the grant of any option shall be determined by the Board (or as the case may be, the independent non-executive Directors) from time to time on the basis of his contribution or potential contribution to the development and growth of the Group. The principal terms of the Share Option Scheme are summarised in the section headed "Share Option Scheme" in Appendix V to the prospectus of the Company dated 13 August 2014. The refreshment of the 10% scheme limit on the number of shares which may be allotted and issued upon the exercise of the options to be granted under the Share Option Scheme was approved by the shareholders in the annual general meeting of the Company held on 28 August 2018. As at the date of this report, the total number of Shares available for issue under the Share Option Scheme is 73,880,950 Shares, representing approximately 5.94% of the issued Shares of the Company as at the date of this report.

The maximum entitlement of each participant under the Share Option Scheme shall not exceed 1% of the Shares in issue and an offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK$1.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine, which shall not exceed 10 years from the date of grant subject to the provisions of early termination thereof.

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a Business Day; (ii) the average closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option.

As at 31 March 2019, the share options to subscribe for an aggregate of 48,527,784 shares of the Company granted pursuant to the Share Option Scheme were outstanding. The details of the Share Option Scheme and the movements of the share options under the Share Option Scheme for the year ended 31 March 2019 are set out as follows:

					Number of share options						
Name or category of grantees	Exercise Price during 18 December 2018 to 27 March 2019 (HK$)	Exercise Price during 28 March 2019 to 31 March 2019 (HK$)	Date of grant	Exercisable Period *(Note 1)*	Balance as at 1 April 2018	Granted during the Reporting Period	Exercised during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Adjusted on 28 March 2019	Balance as at 31 March 2019
Directors											
Ms. Pang Xiaoli	0.265	0.238	14 December 2018	14 December 2018 to 13 December 2028	–	8,208,994 *(Note 2)*	(8,208,994) *(Note 3)*	–	–	–	–
Mr. Hon Hoi Chuen	0.265	0.238	14 December 2018	14 December 2018 to 13 December 2028	–	8,208,994 *(Note 2)*	–	–	–	947,192	9,156,186
Ms. Lin Shuxian	0.265	0.238	14 December 2018	14 December 2018 to 13 December 2028	–	8,208,994 *(Note 2)*	–	–	–	947,192	9,156,186
Mr. Li Mingming	0.020	0.020	30 June 2017	30 June 2017 to 29 June 2020	64,000,000	–	(64,000,000) *(Note 4)*	–	–	–	–
	0.265	0.238	14 December 2018	14 December 2018 to 13 December 2028	–	8,208,994 *(Note 2)*	–	–	–	947,192	9,156,186
Ms. Guan Yan	0.265	0.238	14 December 2018	14 December 2018 to 13 December 2028	–	820,899 *(Note 2)*	–	–	–	94,719	915,618
Mr. Zhao Jinsong	0.265	0.238	14 December 2018	14 December 2018 to 13 December 2028	–	820,899 *(Note 2)*	–	–	–	94,719	915,618
Mr. Li Zhongfei	0.265	0.238	14 December 2018	14 December 2018 to 13 December 2028	–	820,899 *(Note 2)*	–	–	–	94,719	915,618
Former Directors											
Ms. Li Liping	0.020	0.020	30 June 2017	30 June 2017 to 29 June 2020	64,000,000	–	(64,000,000) *(Note 5)*	–	–	–	–
Mr. Ho Yuk Ming Hugo	0.020	0.020	30 June 2017	30 June 2017 to 29 June 2020	6,400,000	–	–	–	(6,400,000)	–	–
Mr. Wan Tat Wai David	0.020	0.020	30 June 2017	30 June 2017 to 29 June 2020	6,400,000	–	–	–	(6,400,000)	–	–
Mr. Xiong Hong	0.020	0.020	30 June 2017	30 June 2017 to 29 June 2020	6,400,000	–	–	–	(6,400,000)	–	–
Employees of the Group											
In aggregate	0.020	0.020	30 June 2017	30 June 2017 to 29 June 2020	211,200,000	–	(211,200,000) *(Note 6)*	–	–	–	–
	0.265	0.238	14 December 2018	14 December 2018 to 13 December 2028	–	8,208,994 *(Note 2)*	–	–	–	947,192	9,156,186
Other participant	0.265	0.238	14 December 2018	14 December 2018 to 13 December 2028	–	8,208,994 *(Note 2)*	–	–	–	947,192	9,156,186
Total					**358,400,000**	**51,716,661**	**(347,408,994)**	**-**	**(19,200,000)**	**5,020,117**	**48,527,784**

Notes:

1. All of the share options granted have no vesting period or vesting condition.
2. The closing price of the Company's shares immediately before 14 December 2018, the date on which those options were granted, was HK$0.265.
3. The weighted average closing price of the Company's shares immediately before the exercise date of the share options exercised by Ms. Pang Xiaoli was HK$0.223 per share. The exercise price was HK$0.265.
4. The weighted average closing price of the Company's shares immediately before the exercise date of the share options exercised by Mr. Li Mingming was HK$0.036 per share.
5. The weighted average closing price of the Company's shares immediately before the exercise date of the share options exercised by Ms. Li Liping was HK$0.036 per share.
6. The weighted average closing price of the Company's shares immediately before the exercise date of the share options exercised by the employees was HK$0.035 per share.

Save as disclosed above, no other share options were granted, exercised, cancelled or lapsed during the year ended 31 March 2019.

FAIR VALUE OF SHARE OPTIONS AND ASSUMPTIONS

The fair value of share options granted is recognised as employee cost with a corresponding increase in share option reserve within equity over the relevant vesting periods.

The Group recognised an expense of approximately HK$5,788,000 for the year ended 31 March 2019 in relation to share options exercised by option holders of the Company.

The fair value of share options granted on the Date of Grant was HK$5,788,000, which was calculated using the binomial option pricing model (the "**Model**") with the following inputs:

Date of Grant:	14 December 2018
Closing price of the Shares on the date of grant:	HK$0.260
Exercise price:	HK$0.265
Expected volatility *(Note 1)*:	104%
Expected life of option:	10 years
Expected dividend yield *(Note 2)*:	0%
Risk free rate *(Note 3)*:	2.27%

The Model is one of the commonly used models to estimate the fair value of an option. The variables and assumptions used in computing the fair value of the share options are based on the management's best estimate. The value of an option varies with different variables of a number of subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of an option.

After vesting, when the share options are forfeited before expiry or expire, the amount previously recognised in share options reserve will be transferred to retained profits.

Notes:

1. The expected volatility was determined based on the annualized volatility of the historical share prices of the Company with similar tenor as the life of the options before the valuation date, 14 December 2018 (the "**Valuation Date**"), or longest available.
2. The expected dividend yield was determined based on the historical dividend payment record of the Company.
3. The risk-free rate was determined with reference to the yields of Hong Kong Monetary Authority exchange fund notes and government bond fixings with similar life as the options quoted around the Valuation Date.

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.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 March 2019, the Group's five largest customers accounted for approximately 51.7% (2018: approximately 29.6%) of the total revenue of the Group and the largest customer of the Group accounted for approximately 17.5% (2018: approximately 8.3%) of the total revenue.

During the year ended 31 March 2019, the Group's largest and five largest suppliers accounted for not exceeding 30% of the total costs of services for the year ended 31 March 2019 and 2018.

None of the Directors or any of their close associates, or any shareholder (which to the knowledge of the Directors own 5% or more of the Company's issued share capital) had any beneficial interest in the Group's five largest customers and suppliers.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTEREST IN CONTRACTS

Save for the disclosed under the heading "Related Party/Continuing Connected transactions" below and the related party transactions disclosed in note 32 to the consolidated financial statements, no contract of significance to which the Company, its holding Company or any of its subsidiaries was a party and in which a Director had a material interest directly or indirectly subsisted at the end of the Reporting Period or at any time during the Reporting Period and no contract of significance has been entered into during the Reporting Period between the Company or any of its subsidiaries and the controlling shareholders or any its subsidiaries.

No contract of significance for the provision of services to the Company or any of its subsidiaries by the controlling shareholder of the Company or any of its subsidiaries was entered into during the Reporting Period and as at the date of this report.

MANAGEMENT CONTRACTS

No management contracts concerning the whole or any substantial part of the business of the Company were entered into or existed during the Reporting Period.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Directors are aware, the Group has complied in all material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the Reporting Period, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than the section headed "Share Option Scheme" disclosed above, at no time during the year ended 31 March 2019 were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective associates, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

RELATED PARTY/CONTINUING CONNECTED TRANSACTION

Save as disclosed in this report, the Directors consider that those related party transactions disclosed in note 32 to the consolidated financial statements did not fall under the definition of "connected transactions" or "continuing connected transactions" (as the case may be) in Chapter 20 of the GEM Listing Rules which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under the GEM Listing Rules. The Directors confirmed that the Company has complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

On 6 November 2018 (after trading hours), 深圳玖立投資諮詢有限公司 (Shenzhen Jiuli Investment Advisory Co., Ltd.*) ("**Shenzhen Jiuli**"), a wholly-owned subsidiary of the Company, entered into an advisory service agreement with 深圳長城匯理資產管理有限公司 (Shenzhen Great Walle Capital Management Co., Ltd.*) ("**Great Walle Capital Management**"), pursuant to which Shenzhen Jiuli shall provide business advisory and management services to Great Walle Capital Management in relation to its private equity fund manager business.

Great Walle Investment is the indirect controlling shareholder of the Company, which held indirectly approximately 56.18% of the number of issued shares of the Company as at the date of the advisory service agreement. Therefore, Great Walle Investment is a connected person of the Company. As Great Walle Capital Management is a wholly-owned subsidiary of Great Walle Investment, Great Walle Capital Management is also a connected person of the Company. As a result, the transactions contemplated under the advisory service agreement constitute continuing connected transactions on the part of the Company under Chapter 20 of the GEM Listing Rules.

Advisory service commenced from 6 November 2018 for a term of three years. Shenzhen Jiuli shall charge a fixed advisory service fee of RMB127,700 from Great Walle Capital Management on a monthly basis, as well as a variable service fee determined upon the possible variable performance fee to be charged by Great Walle Capital Management as the private equity fund manager for 長城匯理戰略併購9號基金 (Great Walle Strategic Merger and Acquisition Fund No. 9*), and such performance fee to be received by Great Walle Capital Management shall be calculated based on the increment of the net value of the fund upon its liquidation as compared to that on the inception date.

The annual caps are as follows:

Period	**Annual caps** *RMB*
Effective date to 31 March 2019	7,100,000 (equivalent to approximately HK$8,040,770)
1 April 2019 to 31 March 2020	8,000,000 (equivalent to approximately HK$9,060,023)
1 April 2020 to 31 March 2021	8,000,000 (equivalent to approximately HK$9,060,023)
1 April 2021 to 5 November 2021	6,600,000 (equivalent to approximately HK$7,474,519)

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.

The Directors (including the independent non-executive Directors) consider that the advisory service fee was determined between the parties after arm's length negotiation, the relevant terms are on normal commercial terms or better, are fair and reasonable and in the ordinary and usual course of business of the Group, and in the interests of the Company and its shareholders as a whole, and the annual caps are fair and reasonable.

* *For identification purpose only*

The Company's auditor was engaged to report on the Group's continuing connected transaction in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transaction set out above in accordance with Rule 20.54 of the GEM Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

As the transaction is on normal commercial terms or better, and all of the applicable percentage ratios in respect of each of the annual caps of the transactions are less than 25%, and the aggregate annual advisory service fees to be received is less than HK$10,000,000, such transactions are subject to the reporting, announcement and annual review requirements, but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Rule 20.74(2) of the GEM Listing Rules. Further details of the agreement are set out in the announcements of the Company dated 6 November 2018 and 8 November 2018.

INTERESTS IN COMPETING BUSINESS

During the year ended 31 March 2019, none of the Directors or the controlling shareholders (as defined in the GEM Listing Rules) of the Company or their respective close associates (as defined in the GEM Listing Rules) was considered to have any interests in a business which competed or was likely to compete, either directly or indirectly, with the business of the Group and/or caused, or was likely to cause any other conflicts of interest with the Group, as required to be disclosed under Rule 11.04 of the GEM Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

To the best knowledge of the Directors and based on information that is publicly available to the Company, at least 25% of the Company's issued share capital were held by the public as at the date of this report.

PERMITTED INDEMNITY CLAUSE

For the year ended 31 March 2019, pursuant to the Articles, all legal costs, expenses, fees, losses, damages and expenditures incurred during the performance of duties by executive Directors of the Company may be indemnified by the assets and profits of the Company.

AUDITOR

BDO Limited ("**BDO**") shall retire in the forthcoming AGM and, being eligible, offer itself for re-appointment. A resolution for the re-appointment of BDO as auditor of the Company will be proposed at the forthcoming AGM. The Company had not changed its external auditor during the three years ended 31 March 2019 and up to the date of this report.

AUDIT COMMITTEE

Pursuant to Rule 5.28 of the GEM Listing Rules, the Company established the Audit Committee with written terms of reference aligned with the provisions of the CG Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control procedures of the Group. The Audit Committee comprises Mr. Zhao Jinsong (chairman of the Audit Committee), Mr. Li Zhongfei and Ms. Guan Yan all of which are independent non-executive Directors.

The Audit Committee had reviewed the audited annual result of the Group for the financial year ended 31 March 2019, and was of the opinion that the audited consolidated financial statements had been prepared in compliance with the applicable accounting standards and the GEM Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

Grant of Share Options

On 18 April 2019, the Company granted 25,353,163 Share Options to individuals under the Share Option Scheme. The Share Options shall entitle the grantees to subscribe for a total of 25,353,163 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 18 April 2019.

Business Development Update

The Group intends to establish two domestic wholly-owned subsidiaries, namely (1) 九重雲(深圳)大數據有限公司 (Jiuchongyun (Shenzhen) Big Data Company Limited*), a subsidiary that intends to commence the business of providing financial big data services, which will make use of emerging frontier technologies such as big data, blockchain, cloud computing and artificial intelligence to provide innovative and diversified financial products and services through the combination of technology and big data; and (2) 匯理資產管理(珠海)有限公司 (Huili Capital Management (Zhuhai) Co., Ltd.*), a subsidiary that intends to commence the business of asset management, economic information consulting and investment consulting, which will provide multi-level and multi-category asset management and consultation services for corporates and investors. The Company or the subsidiaries shall apply for (or acquire, where appropriate) a private equity fund license and other licenses necessary for the business from relevant regulatory departments. The abovementioned business activities aim to improve the Group's previous ecosystem of advisory and management services in the financial industry.

Disposal of Shares by Controlling Shareholder

The Company was informed by Greatwalle Holding Limited, a controlling shareholder (as defined under the GEM Listing Rules) of the Company, that on 28 April 2019, Greatwalle Holding Limited has entered into a share transfer agreement (the "**Share Transfer Agreement**") with 一帶一路數據產業發展有限公司 (B&R Big Data Industry Development Co., Limited) (the "**Purchaser**"), pursuant to which Greatwalle Holding Limited agreed to dispose and the Purchaser agreed to purchase 223,859,278 shares of the Company (the "**Share Disposal**"), representing approximately 18.00% of the issued share capital of the Company, at a total consideration of HK$89,543,711.20 (equivalent to the transfer price for the Share Disposal of HK$0.40 per share).

The Purchaser of this Share Disposal is Jusfoun Big Data Information Group Co., Ltd ("**Jusfoun Big Data**"), a wholly-owned subsidiary established in Hong Kong. The controlling shareholder of Jusfoun Big Data is Mr. Wang Sanshou. Jusfoun Big Data is a big data service platform company mainly engages in government data application service and data asset operation. It has formed joint ventures that are engaged in government big data application and government data asset operation and management with regional state-owned platform companies in multiple cities. It possesses relatively stronger technical capabilities in the area of big data application service.

Jusfoun Big Data's latest valuation as available from the open market is approximately RMB11 billion, which serves as an indication of its sizeable market recognition and market influence in the area of big data application service. The addition of Jusfoun Big Data as an important shareholder of the Company is beneficial to the improvement of the Company's ecosystems in relation to asset management, advisory and management service and financial big data service.

Pursuant to the undertakings made in the Share Transfer Agreement, the Purchaser shall settle the full amount of the share transfer price to Greatwalle Holding Limited on or before 31 July 2019. The Company expects that upon the completion of the Share Disposal, insofar as there are no other changes to the shareholdings of the Company prior to the completion of the Share Disposal, Greatwalle Holding Limited shall hold 467,884,644 shares of the Company, representing approximately 37.62% of the issued share capital of the Company, and will remain as the controlling shareholder of the Company, and the Purchaser is expected to hold approximately 18.00% of the issued share capital of the Company.

On behalf of the Board
Pang Xiaoli
Chairman

Hong Kong, 18 June 2019

* *For identification purpose only*

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TO THE SHAREHOLDERS OF GREATWALLE INC.
(FORMERLY KNOWN AS KING FORCE GROUP HOLDINGS LIMITED)
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Greatwalle Inc. (formerly known as King Force Group Holdings Limited) (the "Company") and its subsidiaries (together the "Group") set out on pages 56 to 147, which comprise the consolidated statement of financial position as at 31 March 2019, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2019 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment assessment on goodwill in relation to the e-Education business

Refer to Notes 4.14, 5(c) and 15 to the consolidated financial statements

The goodwill with carrying amount of approximately HK$5,255,000 of the Group relating 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") was fully impaired during the year ended 31 March 2019. The management performed impairment assessment of goodwill and concluded that an impairment loss on goodwill of approximately HK$5,255,000 was recognised for the year. This conclusion was based on the recoverable amount of the cash-generating unit of this business with reference to the value-in-use calculation based on cash flow forecasts prepared by the management and with assistance of an independent external valuation specialist as the management's expert. The value-in-use calculation is based on several key assumptions which are made by the management, and are by nature judgemental. Key assumptions include the expected future cash flows for the forecasting period, the discount rate and perpetual growth rate.

We consider impairment assessment on goodwill in relation to this business as a key audit matter because it requires the management to exercise significant judgment and make estimations, and was assessed by us to be a significant risk of material misstatement.

Our response:

Our key procedures in relation to the management's impairment assessment on goodwill of this business included:

- Involving an auditor's valuation expert to assist our work in assessing the management's estimation of the recoverable amount;
- Assessing the appropriateness of the methodology adopted for the value-in-use calculation;
- Challenging the reasonableness of the management's key assumptions adopted in the cash flow forecasts;
- Testing mathematical accuracy of the calculations; and
- Evaluating competence, capabilities and objectivity of the auditor's expert and the management's expert.

Impairment assessment on interests in associates

Refer to Notes 4.14, 5(d) and 17 to the consolidated financial statements

The Group's interests in associates with carrying amount of HK$16,450,000 was fully impaired during the year ended 31 March 2019. An impairment loss of HK$16,450,000 was recognised for the year. In performing the impairment assessment on interests in associates, the management determined the recoverable amounts with reference to the value-in-use calculations based on cash flow forecasts. Estimations of the recoverable amounts are dependent on certain key assumptions that require significant management judgment for the underlying cash flow forecasts. Favorable or unfavorable changes to these assumptions would result in change in the recoverable amounts of the interests in associates and hence the amount of the impairment loss recognized for the year and the carrying amount of the interests in associates as at 31 March 2019.

We have identified impairment assessment on interests in associates as a key audit matter as it requires the management to exercise significant judgment and make estimation, and was assessed by us to be a significant risk of material misstatement.

Our response:

Our procedures in relation to the management's impairment assessment on interests in associates included:

– Involving an auditor's valuation expert to assist our work in assessing the management's estimation;

– Assessing the factors considered by the management for determining whether an impairment event had occurred and thus impairment assessment is required;

– Challenging the reasonableness of management's key assumptions adopted in the impairment assessment based on our knowledge of the associates' business and gaming industry;

– Assessing whether there is evidence of management bias on impairment assessment by considering the consistency of judgment and estimation made by the management on a year-by-year basis through discussion with the management to understand their rationale; and

– Assessing management's estimation on the recoverable amounts of the interests in associates.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibilities in this regard.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO Limited
Certified Public Accountants

Tsui Ka Che, Norman
Practising Certificate number P05057

Hong Kong, 18 June 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 HK$'000	2018 HK$'000
Revenue	7	**36,902**	111,807
Cost of services rendered		**(38,327)**	(97,355)
Gross (loss)/profit		**(1,425)**	14,452
Other income and losses, net	8	**2,365**	(267)
Administrative expenses		**(39,653)**	(44,639)
Impairment loss on goodwill	15	**(5,255)**	(31,000)
Impairment loss on other intangible assets	16	**–**	(3,700)
Impairment loss on prepayments and receivables/loan		**(8,481)**	–
Write-off of other intangible assets	16	**(17,237)**	(14,477)
Share of result of associates	17	**–**	(33)
Impairment loss on interests in associates	17	**(16,450)**	(1,700)
Finance costs	9	**(2,294)**	(975)
Loss before income tax	10	**(88,430)**	(82,339)
Income tax (expense)/credit	11	**(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)
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	13		
– 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	14	**9,684**	12,676
Goodwill	15	**–**	5,255
Other intangible assets	16	**934**	20,302
Interests in associates	17	**–**	16,450
Investment in a life insurance policy	18	**–**	1,169
Amount due from the non-controlling equity holder of a subsidiary	19(a)	**225**	2,269
		10,843	58,121
Current assets			
Trade receivables	20	**2,629**	12,600
Prepayments, deposits and other receivables	20	**2,036**	2,781
Amount due from a former director	19(e)	**–**	236
Amount due from an associate	19(b)	**–**	5
Amount due from a related party	19(c)	**–**	4,864
Loan to an associate	19(b)	**–**	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	21	**693**	693
Accrued expenses and other payables	21	**10,813**	11,989
Loan from immediate holding company	19(d)	**1,019**	–
Loan from a related company	19(d)	**1,714**	–
Amount due to a director	19(e)	**–**	161
Amount due to an associate	19(b)	**373**	416
Amounts due to related parties	19(e)	**1,286**	–
Promissory note payable	23	**20,150**	21,357
		36,048	34,616
Net current assets		**14,616**	2,629
Net assets		**25,459**	60,750

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	Notes	**2019 HK$'000**	2018 HK$'000
EQUITY			
Equity attributable to owners of the Company			
Share capital	24	**12,437**	7,870
Reserves	25	**14,902**	51,360
		27,339	59,230
Non-controlling interests		**(1,880)**	1,520
Total equity		**25,459**	60,750

On behalf of the directors

Pang Xiaoli
Director

Lin Shuxian
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2019

	Share capital HK$'000	Share premium* HK$'000	Share options reserve* HK$'000	Merger reserve* HK$'000	Foreign exchange reserve* HK$'000	Capital reserve* HK$'000	Retained earnings/ Accumulated losses* HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2017	7,680	100,050	–	(5,270)	255	586	21,772	125,073	7,915	132,988
Issue of consideration shares *(Note 24 (i))*	4	134	–	–	–	–	–	138	–	138
Equity-settled share options expenses *(Note 26)*	–	–	4,009	–	–	–	–	4,009	–	4,009
Share options exercised *(Note 26)*	186	4,878	(1,351)	–	–	–	–	3,713	–	3,713
Transactions with owners	190	5,012	2,658	–	–	–	–	7,860	–	7,860
Loss for the year	–	–	–	–	–	–	(74,705)	(74,705)	(6,846)	(81,551)
Other comprehensive income:										
Exchange difference on translation of financial statements of foreign operations	–	–	–	–	1,002	–	–	1,002	451	1,453
Total comprehensive income for the year	–	–	–	–	1,002	–	(74,705)	(73,703)	(6,395)	(80,098)
At 31 March 2018	7,870	105,062	2,658	(5,270)	1,257	586	(52,933)	59,230	1,520	60,750
Effect on adoption of HKFRS 9	–	–	–	–	–	–	(1,016)	(1,016)	–	(1,016)
At 1 April 2018 *(restated)*	7,870	105,062	2,658	(5,270)	1,257	586	(53,949)	58,214	1,520	59,734
Equity-settled share options expenses *(Note 26)*	–	–	5,788	–	–	–	–	5,788	–	5,788
Share options exercised *(Note 26)*	421	12,010	(3,472)	–	–	–	–	8,959	–	8,959
Lapse of share options	–	–	(146)	–	–	–	146	–	–	–
Rights issue, net of expenses *(Note 24 (v))*	4,146	36,415	–	–	–	–	–	40,561	–	40,561
Transactions with owners	4,567	48,425	2,170	–	–	–	146	55,308	–	55,308
Share of an associate's capital reserve	–	–	–	–	–	(586)	–	(586)	–	(586)
Loss for the year	–	–	–	–	–	–	(85,171)	(85,171)	(3,302)	(88,473)
Other comprehensive income:										
Exchange difference on translation of financial statements of foreign operations	–	–	–	–	(426)	–	–	(426)	(98)	(524)
Total comprehensive income for the year	–	–	–	–	(426)	–	(85,171)	(85,597)	(3,400)	(88,997)
At 31 March 2019	12,437	153,487	4,828	(5,270)	831	–	(138,974)	27,339	(1,880)	25,459

* The total of these accounts represents "Reserves" in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

	2019 HK$'000	2018 HK$'000
Cash flows from operating activities		
Loss before income tax	**(88,430)**	(82,339)
Adjustments for:		
Amortisation of other intangible assets	**1,820**	3,719
Bad debts written-off	**–**	517
Bank interest income	**–**	(1)
Depreciation of property, plant and equipment	**2,316**	2,995
Loss on disposal of property, plant and equipment	**187**	3
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)
Equity-settled share options expenses	**5,788**	4,009
Fair value loss on financial asset at fair value through profit of loss	**–**	2,200
Fair value loss on contingent consideration payable	**–**	32
Premium charged on a life insurance policy	**88**	18
Interests charges on loans from immediate holding company and a related company	**33**	–
Share of result of associates	**–**	33
Interest charges on promissory note	**2,261**	975
Write-off of property, plant and equipment	**325**	–
Write-off of other intangible assets	**17,237**	14,477
Write-off of prepayment	**–**	420
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**	–
Impairment loss on interests in associates	**16,450**	1,700
Operating loss before working capital changes	**(28,579)**	(17,298)
Decrease in trade receivables	**9,971**	5,192
Increase in prepayments, deposits and other receivables	**(2,043)**	(93)
Decrease/(Increase) in amount due from a former director	**236**	(236)
Decrease in amount due from an associate	**–**	500
Decrease in trade payables	**–**	(1,423)
Decrease in accrued expenses and other payables	**(1,176)**	(4,016)
(Decrease)/Increase in amount due to an associate	**(188)**	53
Decrease in amount due to a director	**(161)**	(8)
Increase/(Decrease) in amount due to a related party	**86**	(247)
Cash used in operations	**(21,854)**	(17,576)
Net income tax paid	**(23)**	(1,582)
Interest received	**–**	1
Net cash used in operating activities	**(21,877)**	(19,157)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

	2019 HK$'000	2018 HK$'000
Cash flows from investing activities		
Purchase of other intangible assets	–	(5,020)
Proceeds from disposal of property, plant and equipment	177	2
Purchase of property, plant and equipment	(62)	(75)
Proceeds from withdrawal of investment in a life insurance policy	1,081	–
Proceeds from repayment of loan from an associate	–	700
Receipts of amount due from a related party	4,890	–
Receipts of amount due from a related party	–	159
Net cash generated from/(used in) investing activities	6,086	(4,234)
Cash flows from financing activities		
Interest paid for promissory note	(3,468)	–
Share options exercised	8,959	3,713
Proceeds from rights issue	40,561	–
Increase in loan from immediate holding company	1,000	–
Increase in loan from a related company	1,700	–
Increase in amount due to a related party	1,200	–
Net cash generated from financing activities	49,952	3,713
Net increase/(decrease) in cash and cash equivalents	34,161	(19,678)
Cash and cash equivalents at beginning of year	10,849	30,482
Effect of foreign exchange rates change	(601)	45
Cash and cash equivalents at end of year	44,409	10,849
Analysis of balances of cash and cash equivalents		
Cash at banks and in hand	44,409	10,849

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 and the principal activities of its subsidiaries (together with the Company hereinafter referred to as the "Group") are set out in Note 28 to the consolidated financial statements.

The directors of the Company considered the Company's ultimate holding company as at 31 March 2019 was Shenzhen Great Walle Investment Corp., LTD., a company established in the People's Republic of China and its ultimate controlling party was Mr. Song Xiaoming.

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.

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

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

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)

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

(a) Adoption of new or amended HKFRSs – effective 1 April 2018 – Continued

HKFRS 9 – Financial Instruments – Continued

(i) Classification and measurement of financial instruments – Continued

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.

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

(a) Adoption of new or amended HKFRSs – effective 1 April 2018 – Continued

HKFRS 9 – Financial Instruments – Continued

(i) Classification and measurement of financial instruments – Continued

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.

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

(a) Adoption of new or amended HKFRSs – effective 1 April 2018 – Continued

HKFRS 9 – Financial Instruments – Continued

(i) Classification and measurement of financial instruments – Continued

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 HK$'000	Carrying amount as at 1 April 2018 under HKFRS 9 HK$'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.

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

(a) Adoption of new or amended HKFRSs – effective 1 April 2018 – Continued

HKFRS 9 – Financial Instruments – Continued

(ii) Impairment of financial assets – Continued

Measurement of ECLs – Continued

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.

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

(a) Adoption of new or amended HKFRSs – effective 1 April 2018 – Continued

HKFRS 9 – Financial Instruments – Continued

(ii) Impairment of financial assets – Continued

Impact of the ECL model – Continued

(a) Impairment of trade receivables – Continued

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 (Note 4.9 A(ii)).

(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.

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

(a) Adoption of new or amended HKFRSs – effective 1 April 2018 – Continued

HKFRS 9 – Financial Instruments – Continued

(iv) Transition – Continued

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.

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

(a) Adoption of new or amended HKFRSs – effective 1 April 2018 – Continued

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.

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

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

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 as disclosed in Note 30. 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.

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

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

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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

4.1 Business combination and basis of consolidation – Continued

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

4.2 Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee; exposure, or rights, to variable returns from the investee; and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

De-facto control exists in situations where the Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the Company considers all relevant facts and circumstances, including:

- The size of the Company's voting rights relative to both the size and dispersion of other parties who hold voting rights;
- Substantive potential voting rights held by the Company and other parties who hold voting rights;
- Other contractual arrangements; and
- Historic patterns in voting attendance.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

4.3 Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

4.3 Associates – Continued

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate. Where unrealised losses provide evidence of impairment of the asset transferred they are recognised immediately in profit or loss.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

4.4 Joint arrangements

The Group is a party to a joint arrangement where there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The Group classifies its interests in joint arrangements as joint ventures where the Group has rights to only the net assets of the joint arrangements.

In assessing the classification of interests in joint arrangements, the Group considers:

- The structure of the joint arrangement;
- The legal form of joint arrangements structured through a separate vehicle;
- The contractual terms of the joint arrangement agreement; and
- Any other facts and circumstances (including any other contractual arrangements).

The Group accounts for its interests in joint ventures in the same manner as investments in associates (i.e. using the equity method – see Note 4.3).

Any premium paid for an investment in a joint venture above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the investment in joint venture. Where there is objective evidence that the investment in a joint venture has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

4.5 Goodwill

Goodwill is initially recognised at cost being the excess of the aggregate of consideration transferred and the amount recognised for non-controlling interests over the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Where the fair value of identifiable assets and liabilities exceed the aggregate of the fair value of consideration paid, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of the acquirer's previously held equity interest in the acquiree, the excess is recognised in profit or loss on the acquisition date, after re-assessment.

Goodwill is measured at cost less impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units that are expected to benefit from the synergies of the acquisition. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, by comparing its carrying amount with its recoverable amount, and whenever there is an indication that the unit may be impaired.

For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro-rata on the basis of the carrying amount to each asset in the unit. However, the loss allocated to each asset will not reduce the individual asset's carrying amount to below its fair value less cost of disposal (if measurable) or its value in use (if determinable), whichever is the higher. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

4.6 Foreign currencies translation

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company.

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which they operate (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Company (i.e. HK$) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the year, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of the reporting period. Exchange differences arisen, if any, are recognised in other comprehensive income and accumulated in equity as foreign exchange reserve.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

4.7 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs, such as repairs and maintenance, are charged to profit or loss during the financial period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their cost over their estimated useful lives on a straight-line basis. The estimated useful lives are, at the following rates per annum:

Leasehold land and buildings	4%
Leasehold improvements	4% to 12% or over the lease term, whichever is shorter
Furniture and equipment	20% – 33%
Motor vehicles	25%

The assets' depreciation method and estimated useful lives are reviewed, and adjusted if appropriate, at the end of reporting date.

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

4.8 Other intangible assets

Other intangible assets acquired separately are initially recognised at cost. Subsequently, other intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses (Note 4.14). The costs of other intangible assets under development are not subject to amortisation until they are completed and available for use.

Other intangible assets not yet available for use are tested for impairment annually by comparing their carrying amounts with their recoverable amounts, irrespective of whether there is any indication that they may be impaired. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

An impairment loss is recognised as an expense immediately. When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

Amortisation on other intangible assets with finite useful life is provided on a straight-line basis over their useful lives as follows. The amortisation expense is recognised in profit or loss and included in administrative expenses.

Computerised operating and guarding system	33%
Mobile game licenses	25%-50% or over the license term, whichever is shorter
e-education and security platform	11%
Franchise of Bei Dou Qualification	20%

4.9 Financial instruments

A. *Accounting policies applied from 1 April 2018*

(i) *Financial assets*

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Financial assets with embedded derivatives are considered in their entirely when determining whether their cash flows are solely payment of principal and interest.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

4.9 Financial instruments – Continued

A. Accounting policies applied from 1 April 2018 – Continued

(i) Financial assets – Continued

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate 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.

Fair value through other comprehensive income ("FVOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through OCI. 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.

Fair value through profit or loss ("FVTPL"): Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through other comprehensive income, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Equity instruments

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. Equity investments at fair value through other comprehensive income are measured at fair value. Dividend income are 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. All other equity instruments are classified as FVTPL, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

4.9 Financial instruments – Continued

A. Accounting policies applied from 1 April 2018 – Continued

(ii) Impairment loss on financial assets

The Group recognises loss allowances for expected credit loss ("ECL") on trade receivables, financial assets measured at amortised cost and debt investments measured at FVOCI. The ECLs 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. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group 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. 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 analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

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 credit-impaired 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 1 years past due.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets interest income is calculated based on the gross carrying amount.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

4.9 Financial instruments – Continued

A. Accounting policies applied from 1 April 2018 – Continued

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at fair value through profit or loss are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial liability at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial liabilities may be designated upon initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis; (ii) the liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial liability contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise, except for the gains and losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and other payables, loans from immediate holding company/a related company, amount due to a director of an associate/related parties and promissory note payable are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

4.9 Financial instruments – Continued

A. Accounting policies applied from 1 April 2018 – Continued

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vi) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contact at the higher of: (i) the amount of the loss allowance, being the ECL provision measured in accordance with principles of the accounting policy set out in note 4.9A(ii); and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the principles of HKFRS 15.

(vii) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the year.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

4.9 Financial instruments – Continued

B. Accounting policies applied until 31 March 2018

(i) Financial assets

The Group's financial assets mainly comprise financial asset at fair value through profit or loss which is a contingent consideration receivable arising from a profit guarantee, available-for-sale financial assets which is an investment in a life insurance policy, and loans and receivables including loans to an associate, amounts due from the non-controlling equity holder of a subsidiary/an associate/a related party/a former director, trade and other receivables, deposits and cash at banks and in hand.

The management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date.

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. Regular way purchases of financial assets are recognised on trade date. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

At each reporting date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognised based on the classification of the financial asset.

Financial assets at fair value through profit or loss

These assets include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments or financial guarantee contracts.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise.

Available-for-sale financial assets

These assets are non-derivative financial assets that are designated as available-for-sale or are not included in other categories of financial assets. Subsequently to initial recognition, these assets are carried at fair value with changes in fair value recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary instruments, which are recognised in profit or loss.

Where a decline in the fair value constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognised in profit or loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

4.9 Financial instruments – Continued

B. Accounting policies applied until 31 March 2018 – Continued

(i) Financial assets – Continued

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

(ii) Impairment of financial assets

At each reporting date, financial assets other than at fair value through profit or loss are reviewed to determine whether there is any objective evidence of impairment.

Objective evidence of impairment of individual financial asset includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– granting concession to a debtor because of the debtor's financial difficulty; and

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

If any such evidence exists, the impairment loss is measured and recognised as follows:

Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in profit or loss of the period in which the impairment occurs.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

4.9 Financial instruments – Continued

B. Accounting policies applied until 31 March 2018 – Continued

(ii) Impairment of financial assets – Continued

Financial assets carried at amortised cost – Continued

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the period in which the reversal occurs.

Financial assets other than trade receivables that are stated at amortised cost, impairment losses are written off against the corresponding assets directly. Where the recovery of trade receivables is considered doubtful but not remote, the impairment losses for doubtful receivables are recorded using an allowance account. When the Group is satisfied that recovery of receivables is remote, the amount considered irrecoverable is written off against receivables directly and any amounts held in the allowance account in respect of that receivable are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at fair value through profit or loss are initially measured at fair value and financial liabilities at amortised cost are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial liability at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

4.9 Financial instruments – Continued

B. Accounting policies applied until 31 March 2018 – Continued

(iii) Financial liabilities – Continued

Financial liabilities at fair value through profit or loss – Continued

Financial liabilities may be designated upon initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis; (ii) the liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial liability contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise.

Financial liabilities measured at amortised cost

Financial liabilities at amortised cost including trade and other payables, accrued expenses, amounts due to a director/an associate and promissory note payment are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

(v) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(vi) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

4.10 Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair values of the leased assets, or, if lower, the present value of the minimum lease payments (the "initial value"), of such assets are included in property, plant and equipment and the corresponding liabilities, net of finance lease charges, are recorded as finance lease liabilities.

Subsequent accounting for assets held under finance lease agreements corresponds to those applied to comparable acquired assets. The corresponding finance lease liability is reduced by lease payments less finance lease charges.

Finance lease charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the finance lease liabilities for each accounting period.

Operating lease charges as the lessee

Where the Group has the right to use of assets held under operating leases, payments made under the leases are charged to profit or loss on a straight line basis over the lease terms except where an alternative basis is more representative of the time pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the period in which they are incurred.

4.11 Cash and cash equivalents

Cash and cash equivalents include cash at banks and in hand as well as short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

4.12 Revenue recognition

A. *Accounting policies applied from 1 April 2018*

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

(i) Provision of security guarding services

Revenue is recognised over time as those services are provided. Invoices for security guarding services are issued on a monthly basis and are usually payable within 30 days. HKFRS 15 did not result in significant impact on the Group's accounting policies.

(ii) Provision of business advisory and management services

Revenue from business advisory and management services is recognised over time as those services are provided. Invoices for regulated financial services are issued on a monthly basis and are usually payable within 30 days. HKFRS 15 did not result in significant impact on the Group's accounting policies

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

4.12 Revenue recognition – Continued

A. Accounting policies applied from 1 April 2018 – Continued

(iii) Other income

Interest income is accrued on a time apportionment basis using the effective interest method.

B. Accounting policies applied until 31 March 2018

Revenue comprises the fair value of the consideration received or receivable for the rendering of services and the use by others of the Group's assets yielding interest, net of discounts. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

Revenue from provision of security guarding services are recognised in the accounting period in which the services are rendered.

Interest income is accrued on a time apportionment basis using the effective interest method.

4.13 Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, tax authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income.

4.14 Impairment of non-financial assets

Property, plant and equipment, goodwill, other intangible assets and interests in associates and subsidiaries are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

Goodwill and other intangible assets with indefinite useful life or those not yet available for use are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the assets.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

4.14 Impairment of non-financial assets – Continued

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4.15 Employee benefits

Short term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

Defined contribution retirement plan

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity.

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. Contributions are made based on a percentage of the employees' basic salaries to the maximum mandatory contributions as required by the MPF Scheme. Liabilities and assets may be recognised if underpayment or prepayment has occurred and are included in current liabilities or current assets, respectively, as they are normally of a short-term nature. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees.

4.16 Capitalisation of borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4.17 Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

4.17 Provisions and contingent liabilities – Continued

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

4.18 Related parties

A party is considered to be related to the Group if:

(a) A person or a close member of that person's family is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:

- (i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) both entities are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity); or
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

4.19 Share-based payments

Where share options are awarded to employees and others providing similar services, the fair value of the options at the date of grant is recognised in profit or loss over the vesting period with a corresponding increase in the employee share options reserve within equity. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the end of each reporting period so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also recognised in profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees and others providing similar services, the fair value of goods or services received is recognised in profit or loss unless the goods or services qualify for recognition as assets. A corresponding increase in equity is recognised. For cash-settled share based payments, a liability is recognised at the fair value of the goods or services received.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) ECL impairment

The measurement of impairment losses under both HKFRS 9 and HKAS 39 across all categories of financial assets requires judgement. In particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

(b) Depreciation and amortisation

The Group depreciated the property, plant and equipment and amortised the other intangible assets on a straight-line basis over their estimated useful lives, starting from the date on which the assets are placed into productive use. The estimated useful lives reflect the directors' best estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment and other intangible assets.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS – Continued

(c) Impairment of goodwill and other intangible assets

Determining whether goodwill and other intangible assets are impaired requires an estimation of the higher of their fair value less costs of disposal and value-in-use of the cash-generation units ("CGUs") to which the goodwill and other intangible assets have been allocated. Fair value less costs of disposal and value-in-use calculation require the Group to estimate the present value of the future cash flows expected to arise from the CGUs containing the goodwill and other intangible assets using suitable discount rates. Where the expected future cash flows arising from the relevant CGUs differ from the original estimation, an impairment loss may arise.

(d) Impairment of interests in associates

Interests in associates are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts of interests in associates have been determined based on the higher of their fair value less costs of disposal and value-in-use, taking into account the latest market information and past experience.

(e) Estimate of current tax and deferred tax

The Group is subject to income taxes in Hong Kong. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax based on estimates. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax provisions in the period in which such final tax liabilities determination is made.

6. 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.

6. SEGMENT INFORMATION – Continued

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.

6. SEGMENT INFORMATION – Continued

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 to 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.

6. SEGMENT INFORMATION – Continued

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

6. SEGMENT INFORMATION – Continued

Major Services

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

Information about major customers

Revenue from major customers, each of them accounted for 10% or more of the Group's revenue, are set out below:

	2019 HK$'000	2018 HK$'000
Customer A	**6,467**	N/A[1]
Customer B	**3,900**	N/A[1]

[1] The corresponding revenue did not contribute over 10% of the total revenue of the Group.

7. REVENUE

The principal activities of the Group are provision of security guarding services and provision of business advisory and management services. Further details regarding the Group's principal activities are disclosed in Notes 1 and 28.

Disaggregation of revenue information

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

7. REVENUE – Continued

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

8. OTHER INCOME AND LOSSES, NET

	2019 HK$'000	2018 HK$'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)

9. FINANCE COSTS

	2019 HK$'000	2018 HK$'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

10. LOSS BEFORE INCOME TAX

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

	2019 HK$'000	2018 HK$'000
Auditor's remuneration[1]	**944**	900
Amortisation of other intangible assets[1]	**1,820**	3,719
Bad debts recovery *(Note 8)*	**(448)**	–
Bad debts written-off *(Note 20)*[1]	**–**	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 in Note 29):		
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] *(Note 19(a))*	**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

11. INCOME TAX EXPENSE/(CREDIT)

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

	2019 HK$'000	2018 HK$'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 *(Note 22)*	**–**	(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.

The income tax expense/(credit) for the year can be reconciled to the loss before income tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2019 HK$'000	2018 HK$'000
Loss before income tax	**(88,430)**	(82,339)
Tax calculated at the statutory tax rate applicable to profits in the respective jurisdictions	**(12,959)**	(9,271)
Tax effect on non-deductible expenses	**10,217**	7,199
Tax effect on non-taxable income	**(113)**	(47)
Tax effect of temporary difference not recognised	**(1)**	232
Tax effect of tax losses not recognised	**2,899**	1,497
Utilisation of tax losses from prior years	**–**	(137)
Over provision in prior years	**–**	(261)
Income tax expense/(credit)	**43**	(788)

12. DIVIDEND

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

13. 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 years ended 31 March 2019 and 31 March 2018 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.

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK$'000	Leasehold improvements HK$'000	Furniture and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost					
At 1 April 2017	6,293	7,035	3,237	4,721	21,286
Additions	–	–	75	–	75
Disposal/write-off	–	–	(7)	–	(7)
Exchange realignment	–	83	8	–	91
At 31 March 2018 and 1 April 2018	6,293	7,118	3,313	4,721	21,445
Additions	–	–	62	–	62
Disposal/write-off	–	(783)	(56)	(805)	(1,644)
Exchange realignment	–	(54)	(5)	–	(59)
At 31 March 2019	**6,293**	**6,281**	**3,314**	**3,916**	**19,804**
Accumulated depreciation					
At 1 April 2017	1,259	460	1,656	2,389	5,764
Depreciation	252	768	853	1,122	2,995
Disposal/write-off	–	–	2	–	2
Exchange realignment	–	10	(2)	–	8
At 31 March 2018 and 1 April 2018	1,511	1,238	2,509	3,511	8,769
Depreciation	252	898	570	596	2,316
Disposal/write-off	–	(479)	(36)	(440)	(955)
Exchange realignment	–	(7)	(3)	–	(10)
At 31 March 2019	**1,763**	**1,650**	**3,040**	**3,667**	**10,120**
Net book value					
At 31 March 2019	**4,530**	**4,631**	**274**	**249**	**9,684**
At 31 March 2018	4,782	5,880	804	1,210	12,676

15. 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 HK$'000	2018 HK$'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

15. GOODWILL – Continued

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 16) 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 16) 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 valuers. 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 used for value-in-use calculations are as follows:

	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, the goodwill allocated to e-Education CGU 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 the business and operation environment of e-Education CGU and the Group did not carry out this business as previously planned. 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.

16. 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.

16. OTHER INTANGIBLE ASSETS – Continued

For the year ended 31 March 2018, an impairment loss of approximately HK$3,700,000 (Note 10) 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%.

17. 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 **HK$'000**	2018 HK$'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

17. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD – Continued

(a) Interest in associates – Continued

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.

17. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD – Continued

(a) Interest in associates – Continued

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.

17. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD – Continued

(a) Interest in associates – Continued

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 HK$'000	2018 HK$'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.

17. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD – Continued

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

18. INVESTMENT IN A LIFE INSURANCE POLICY

The Group entered into a life insurance policy with an insurance company to insure a former director of the Company, Mr. Fu Yik Lung (the "Insured"). Under the policy, the beneficiary and policy holder was the Group and the total insured sum was US$550,000 (equivalent to HK$4,290,000). The Group was required to pay a one-off premium payment of US$145,217 (equivalent to HK$1,132,693). The Group could terminate the policy at any time and receive cash back based on the cash value of the policy at the date of withdrawal, which was determined by the premium payment plus accumulated interest earned and minus the accumulated insurance charge and policy expense charge ("Cash Value").

For the maturity date of the life insurance policy, the policy provides for continuation of the policy until the death of the Insured, unless there was full cash surrender or a loan causes the policy to lapse. The insurance charge was the cost of insurance that the insurance company charged for provision of the insurance benefits on the death of the Insured at range from 0.084% to 35.93% per annum throughout the policy. In addition, if withdrawal and termination of the policy were made between the 1st to 15th policy year, there was a specified amount of surrender charge. The surrender charge on full or partial termination would be calculated based on the number of years the policy has been in force which was charged at the range from 0.9% to 13.5% of the premium.

The surrender charge of withdrawal was calculated by the insurance company based on the Insured's age and the number of years the policy has been in force and would be deducted from the Cash Value if withdrawal was made within the 1st to 15th policy year which was charged at the range from 1% to 4% of the withdrawal amount. The insurance company would pay the Group an interest on the outstanding Cash Value of the policy at the prevailing interest rate fixed by the insurance company. Commencing on the 2nd policy year, a minimum guaranteed interest of 1.8% per annum was guaranteed by the insurance company.

The investment in the life insurance policy was denominated in US$, a currency other than the functional currency of the Group.

As at 31 March 2018, the directors considered that the carrying amount of the investment in the life insurance policy approximate its fair value.

As at 31 March 2018, the fair value of the investment in a life insurance policy was provided by the insurance company which was determined with reference to the Cash Value.

During the year, the Group has withdrawn the investment in a life insurance policy.

19. LOAN TO AN ASSOCIATE/AMOUNTS DUE FROM/(TO) NON-CONTROLLING EQUITY HOLDER OF A SUBSIDIARY/RELATED PARTIES/AN ASSOCIATE/A FORMER DIRECTOR/A DIRECTOR/LOANS FROM IMMEDIATE HOLDING COMPANY/A RELATED COMPANY

(a) Amount due from the non-controlling equity holder of a subsidiary

As at 31 March 2018, the carrying amount of amount due from the non-controlling equity holder of a subsidiary was approximately HK$2,269,000 (the unpaid capital of Zhongshan Bei Dou Education Technology Limited ("Bei Dou Zhongshan"), an indirect subsidiary of the Company, amounted to RMB4,200,000, shall be paid by the non-controlling equity holder, Lin Keliang ("Mr. Lin")), which was unsecured, interest-free and to be paid on or before 30 May 2035. The effective interest rate of the amount due from the non-controlling equity holder of a subsidiary was 4.9% per annum.

On 21 January 2019, Bei Dou Zhongshan has filed a civil petition statement at the First People's Court of Zhongshan City, Guangdong Province (the "Zhongshan First People's Court") with the non-controlling equity holder, Mr. Lin, for immediate payment of the unpaid capital of RMB4,200,000 of Bei Dou Zhongshan according to article 21 on the article of association of Bei Dou Zhongshan, in which Bei Dou Zhongshan has the right to request for payment of its unpaid capital of RMB4,200,000 from the non-controlling equity holder, in the event of debt dispute or dissolution while Bei Dou Zhongshan is insolvent. On 14 February 2019, Bei Dou Zhongshan applied for property preservation to the Zhongshan First People's Court 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 Zhongshan First People's 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.

For the year, the Group assessed the credit risk of the amount due from the non-controlling equity holder of a subsidiary. The credit risk of it has increased significantly since its initial recognition but is not deemed to be credit-impaired. Therefore, lifetime ECL was recognised of approximately HK$2,004,000 to the profit or loss (Notes 10, 19(g) and 34).

As at 31 March 2019, the carrying amount of amount due from the non-controlling equity holder of a subsidiary is approximately HK$225,000, which is unsecured, interest-free and expected to realise the amount due beyond twelve months after the reporting date and classified as non-current assets. The effective interest rate of the amount due from the non-controlling equity holder of a subsidiary is 2.74% per annum.

19. LOAN TO AN ASSOCIATE/AMOUNTS DUE FROM/(TO) NON-CONTROLLING EQUITY HOLDER OF A SUBSIDIARY/RELATED PARTIES/AN ASSOCIATE/A FORMER DIRECTOR/A DIRECTOR/LOANS FROM IMMEDIATE HOLDING COMPANY/A RELATED COMPANY – Continued

(b) Loan to an associate/amount due from an associate/amount due to an associate

On 22 July 2016 and 25 February 2018, Guanhui Huyu Technology (Hong Kong) Limited ("Guanhui Huyu"), a subsidiary of the Company, as lender, entered into a loan agreement and a supplementary agreement respectively with Magn Investment, as borrower ("Loan Agreements"). Pursuant to the Loan Agreements, Guanhui Huyu has agreed to grant the loan facility to Magn Investment with a principal amount of HK$4,500,000, unsecured, bearing interest at a rate of 6% per annum. Given that there was no demand clause and the loan to an associate was repayable on 28 February 2019, the loan was classified as current assets as at 31 March 2018. The loan is facilitating the business development of Magn Investment.

As at 31 March 2018, the amount due from an associate represented interest receivable arising from the loan to an associate and is repayable on 1 March 2019.

As at 31 March 2018, the amount due to an associate was unsecured, interest-free and repayable on demand.

Since the Group has applied the transitional provision in HKFRS 9 such that HKFRS 9 was generally adopted without restating comparative information. The Group assessed the credit risk of the loan to an associate is not significantly increased since initial recognition. 12-month expected credit losses of HK$1,016,000 was recognised on 1 April 2018.

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.

As at 31 March 2019, the loan to and amount due from the associate were overdue and were considered as credit-impaired. As a result, the Group has impaired fully the loan to an associate of approximately HK$3,539,000 and amount due from an associate of approximately HK$150,000 (Notes 10, 19(g) and 34).

(c) Amount due from a related party

On 28 September 2016, 29 December 2016 and 29 March 2017, Shenzhen Qianhai Guanhui Huyu Technology Limited ("Shenzhen Huyu"), a subsidiary of the Company, as lender, entered into loan agreements with a director of a subsidiary, as borrower ("Related Party Loan Agreements"). Pursuant to the Related Party Loan Agreements, Shenzhen Huyu has agreed to grant the loan facility to the director of a subsidiary with principal amount of RMB2,500,000, RMB2,000,000 and RMB1,500,000 and the loans and their interests were repayable on 30 September 2018, 31 December 2018 and 31 March 2019 respectively. The loans were unsecured and bearing interest at a rate of 5% per annum. The loans are facilitating the business development of Magn Investment indirectly. The amount has been fully repaid during the year ended 31 March 2019.

19. LOAN TO AN ASSOCIATE/AMOUNTS DUE FROM/(TO) NON-CONTROLLING EQUITY HOLDER OF A SUBSIDIARY/RELATED PARTIES/AN ASSOCIATE/A FORMER DIRECTOR/A DIRECTOR/LOANS FROM IMMEDIATE HOLDING COMPANY/A RELATED COMPANY – Continued

(d) Loans from immediate holding company/a related company

On 8 August 2018, the Company, as lender, entered into a loan agreement with Greatwalle Holding Limited, an immediate holding company, as borrower. Pursuant to the loan agreement, Greatwalle Holding Limited has agreed to grant the loan facility to the Company with a principal amount of HK$1,000,000 (2018: Nil), unsecured, bearing interest at a rate of 3% per annum. Given that there is no demand clause and the loans from immediate holding company is repayable on 7 August 2019, the loan and its accrued interests are classified as current liabilities as at 31 March 2019.

On 8 November 2018 and 1 March 2019, the Company, as lender, entered into loan agreements with Bohou Investment Limited, which is indirectly controlled by Mr. Song, a related company of the Company, as borrower ("Bohou Loan Agreements"). Pursuant to the Bohou Loan Agreements, Bohou Investment Limited has agreed to grant the loan facility to the Company with a principal amount of HK$1,000,000 and HK$700,000 respectively (2018: Nil), unsecured, bearing interest at a rate of 3% per annum. Given that there are no demand clause and the loans from a related company are repayable on 7 November 2019 and 29 February 2020 respectively, the loans and their accrued interests are classified as current liabilities as at 31 March 2019.

(e) Amounts due from/(to) a former director/a director/related parties

The amounts due are unsecured, interest-free and repayable on demand.

(f) Disclosed pursuant to Section 383 of the Hong Kong Companies Ordinance (Cap.622) and the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) are as follows:

		As at 31 March		**Maximum balance outstanding during the year ended 31 March**	
Borrowers	Notes	**2019 HK$'000**	2018 HK$'000	**2019 HK$'000**	2018 HK$'000
Loan to an associate	(i)	**–**	4,300	**4,300**	5,000
Amount due from an associate	(i), (iv)	**–**	5	**5**	208
Amount due from a related party	(ii)	**–**	4,864	**4,864**	5,974
Amount due from a former director	(iii), (iv)	**–**	236	**236**	236

Notes:

(i) The former director of the Company, Mr. Chen Yunchuo, has interest in the associate.

(ii) The balance was due from a director of a subsidiary.

(iii) Amount due from a former director was interest free, unsecured and no fixed terms of repayment.

(iv) There was no amount due for repayment but has not been paid and no provision has been made against the loan or interest on the loan.

19. LOAN TO AN ASSOCIATE/AMOUNTS DUE FROM/(TO) NON-CONTROLLING EQUITY HOLDER OF A SUBSIDIARY/RELATED PARTIES/AN ASSOCIATE/A FORMER DIRECTOR/A DIRECTOR/LOANS FROM IMMEDIATE HOLDING COMPANY/A RELATED COMPANY – Continued

(g) Movements in allowance for bad and doubtful debts during the year were as follows:

	Amount due from the non-controlling equity holder of a subsidiary HK$'000	Loan to an associate HK$'000	Amount due from an associate HK$'000	Total HK$'000
Balance at 1 April 2018 under HKAS 39	–	–	–	–
Impact on initial applications of HKFRS 9 (note 2(a))	–	1,016	–	1,016
Adjusted balance at 1 April 2018 under HKFRS 9	–	1,016	–	1,016
Impairment losses recognized	2,004	3,539	150	5,693
Balance at 31 March 2019	2,004	4,555	150	6,709

Further details on the Group's credit policy are set out in Note 34.

20. TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2019 **HK$'000**	2018 HK$'000
Trade receivables	**2,629**	12,600
Prepayments	**649**	1,745
Deposits	**695**	404
Other receivables	**692**	632
	2,036	2,781
Total trade receivables, prepayments, deposits and other receivables	**4,665**	15,381

Trade receivables generally have credit terms of 7 to 30 days (2018: 7 to 30 days).

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 **HK$'000**	2018 HK$'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

For trade receivables as at 31 March 2019, 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 2019 under HKAS 39 approximated to the loss allowance under the ECLs model and accordingly, no adjustment is made to the loss allowance as at 31 March 2019.

For the year ended 31 March 2018, the Group reviewed receivables for evidence of impairment on both individual and collective basis. During the year ended 31 March 2018, the Group has written off trade receivables of approximately HK$517,000 directly to the profit or loss (Note 10).

Trade receivables that were past due but not impaired related to a number of customers that the Group had continuing business relationships with these customers including services to and settlements from these customers in general, which in the opinion of the directors, have no indication of default. Based on past credit history, the management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable. The Group did not hold any collateral in respect of trade receivables past due but not impaired.

20. TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES – Continued

Based on the credit history and current financial position of its customers and current market conditions, the Company assumes that the credit risk on a financial asset has increased if it is more than 30 days past due.

The Company considers a financial asset to be credit-impaired/in default when it is more than 1 years past due (based on ECL model and matrix used).

Movements in allowance for bad and doubtful debts for deposits and other receivable during the year were as follows:

	HK$'000
Balance at 1 April 2018 under HKAS 39	**–**
Impact on initial applications of HKFRS 9 (note 2(a))	**–**
Adjusted balance at 1 April 2018 under HKFRS 9	**–**
Impairment losses recognised	**123**
Balance at 31 March 2019	**123**

Further details on the Group's credit policy are set out in Note 34.

21. TRADE PAYABLES, ACCRUED EXPENSES AND OTHER PAYABLES

	2019 HK$'000	2018 HK$'000
Trade payables	**693**	693
Accrued expenses and other payables	**10,813**	11,989
Total trade payables, accrued expenses and other payables	**11,506**	12,682

* Mainly represented the accrued expense for salaries, legal and professional fees and other payables.

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

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

22. DEFERRED TAX LIABILITIES

Details of deferred tax liabilities recognised and the movements during the current and prior years are as follows:

	Accelerated tax depreciation HK$'000	Tax losses HK$'000	Total HK$'000
At 1 April 2017	527	–	527
Charged to profit or loss *(Note 11)*	75	(602)	(527)
At 31 March 2018 and 1 April 2018	602	(602)	–
Charged to profit or loss *(Note 11)*	(230)	230	–
At 31 March 2019	372	(372)	–

At 31 March 2019, as there is unpredictability of future profit streams, the Group did not recognise deferred income tax assets in respect of tax losses of HK$31,427,000 (2018: HK$13,858,000) that can be carried forward against future taxable income, of which, tax losses of HK$27,194,000 (2018: HK$9,625,000) can be carried forward indefinitely. The remaining balances of tax losses will expire on within five years.

23. PROMISSORY NOTE PAYABLE

On 6 May 2016, the Company issued a promissory note to a former director of the Company, Mr. Fu Yik Lung to raise funding for the Group's working capital on the daily operation and the development of its existing businesses and any other future development opportunities.

As at 31 March 2018, the amount was unsecured and interest-bearing at 5% per annum. The principal sum of HK$19,500,000 together with its interest accrued are to be repaid on the date falling two years from 6 May 2016. The fair value of HK$19,500,000 on initial recognition was measured by computing the present value of estimated future cash flows at the effective interest rate of 5% per annum.

On 10 May 2018, the Group had entered into an extension agreement with the noteholder of the promissory note pursuant to which the maturity date of the promissory note was extended to 4 August 2019, and the principal amount of the note shall amended to HK$19,950,000. The extended promissory note would bear fixed interest in the amount of HK$200,000 per month. The effective interest rate is 12% per annum.

During the year, imputed interest expense of HK$2,261,000 (2018: HK$975,000) was charged to the profit or loss.

Subsequent to the end of the reporting period, on 4 April 2019, the Group had entered into an extension agreement with the noteholder of the promissory note pursuant to which the maturity date of the promissory note was extended to 5 October 2020 and the extended promissory note would bear fixed interest in the amount of HK$200,000 per month up to 30 June 2020.

24. 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 (Note 26) 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 (Note 26) 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.

25. RESERVES

Details of the movements on the Group's reserves are as set out in the consolidated statement of changes in equity of the financial statements. The natures and purposes of reserves within equity are as follows:

Share premium

The share premium account of the Group represents the excess of the proceeds received over the nominal value of the Company's shares issued.

Merger reserve

It represents the difference between the nominal value of the share capital of the subsidiary held by the Group and the nominal value of the share capital of the Company issued pursuant to the group reorganisation prior to the listing of the Company's shares.

Share options reserve

The share options reserve represents the cumulative expenses recognised on the granting of share options to the employees and directors over the vesting period.

26. SHARE OPTION SCHEME

A share option scheme (the "Scheme") adopted by the Company was approved by the shareholders on 31 July 2014.

A summary of the Scheme is set out below:

The Scheme became effective for a period of 10 years commencing on 31 July 2014. Under the Scheme, the directors shall, in its absolute discretion select, make an offer to any eligible participants to subscribe for shares of the Company at a subscription price being not less than the highest of (i) the closing price of shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of the grant of the option, which must be a business day; or (ii) the average closing prices of the shares of the Company as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of the share on the date of the grant of the option. The offer of a grant of options may be accepted within seven days inclusive of the day on which such offer was made.

The options granted shall be exercisable in whole or in part in the effective option period. The exercise period of the options granted is determined and notified by the directors to the grantee thereof at the time of making an offer provided that such period shall not exceed the period of 10 years from the date of the grant of the option is made, subject to the provisions for early termination thereof.

The maximum number of shares to be issued upon the exercise of all outstanding options granted at any time under the Scheme together with options which may be granted under any other share option schemes for the time being of the Company must not in aggregate exceed 10% of all the shares of the Company in issue as at the date of the annual general meeting held on 28 August 2018 being 820,899,443 shares.

26. SHARE OPTION SCHEME – Continued

For the year ended 31 March 2019

	Numbers of options								
	At 1 April 2018	**Granted during the year**	**Exercised during the year**	**Lapsed during the year**	**Adjustment arising from Rights Issue**	**At 31 March 2019**	**Date of grant**	**Exercise period**	**Exercise price**
Directors									
Li Mingming	64,000,000	–	(64,000,000)	–	–	–	30 June 17	Period 1	0.02
Li Liping *(Note iii)*	64,000,000	–	(64,000,000)	–	–	–	30 June 17	Period 1	0.02
Ho Yuk Ming Hugo *(Note v)*	6,400,000	–	–	(6,400,000)	–	–	30 June 17	Period 1	0.02
Xiong Hong *(Note v)*	6,400,000	–	–	(6,400,000)	–	–	30 June 17	Period 1	0.02
Wan Tat Wai David *(Note v)*	6,400,000	–	–	(6,400,000)	–	–	30 June 17	Period 1	0.02
Pang Xiaoli *(Note ii)*	–	8,208,994	(8,208,994)	–	–	–	14 December 18	Period 2	0.238
Li Mingming	–	8,208,994	–	–	947,192	9,156,186	14 December 18	Period 2	0.238
Hon Hoi Chuen *(Note ii)*	–	8,208,994	–	–	947,192	9,156,186	14 December 18	Period 2	0.238
Lin Shuxian *(Note ii)*	–	8,208,994	–	–	947,192	9,156,186	14 December 18	Period 2	0.238
Guan Yan *(Note iv)*	–	820,899	–	–	94,719	915,618	14 December 18	Period 2	0.238
Zhao Jinsong *(Note iv)*	–	820,899	–	–	94,719	915,618	14 December 18	Period 2	0.238
Li Zhongfei *(Note iv)*	–	820,899	–	–	94,719	915,618	14 December 18	Period 2	0.238
	147,200,000	35,298,673	(136,208,994)	(19,200,000)	3,125,733	30,215,412			
Employees in aggregate	211,200,000	–	(211,200,000)	–	–	–	30 June 17	Period 1	0.02
Employees in aggregate	–	16,417,988	–	–	1,894,384	18,312,372	14 December 18	Period 2	0.238
Total	358,400,000	51,716,661	(347,408,994)	(19,200,000)	5,020,117	48,527,784			

26. SHARE OPTION SCHEME – Continued

For the year ended 31 March 2018

	Numbers of options						
	At 1 April 2017	Granted during the year	Exercised during the year	At 31 March 2018	Date of grant of share options	Exercise period of share options	Exercise price of share options
Directors							
Li Mingming	–	64,000,000	–	64,000,000	30 June 2017	Period 1	0.02
Li Liping *(Note iii)*	–	64,000,000	–	64,000,000	30 June 2017	Period 1	0.02
Ho Yuk Ming Hugo *(Note v)*	–	6,400,000	–	6,400,000	30 June 2017	Period 1	0.02
Xiong Hong *(Note v)*	–	6,400,000	–	6,400,000	30 June 2017	Period 1	0.02
Wan Tat Wai David *(Note v)*	–	6,400,000	–	6,400,000	30 June 2017	Period 1	0.02
		147,200,000	–	147,200,000			
Employees in aggregate	–	396,800,000	(185,600,000)	211,200,000	30 June 2017	Period 1	0.02
Total	–	544,000,000	(185,600,000)	358,400,000			

Notes:

(i) Period 1: 30 June 2017 to 29 June 2020

Period 2: 14 December 2018 to 13 December 2028, the exercise price of share options as at 31 March 2019 has been adjusted with effects of Rights Issue on 29 March 2019. Further details are set out in Note 24 to the consolidated financial statements.

(ii) Appointed as an executive director of the Company on 12 July 2018.

(iii) Resigned as an executive director of the Company on 12 July 2018.

(iv) Appointed as an independent non-executive director of the Company on 12 July 2018.

(v) Resigned as an independent non-executive director of the Company on 12 July 2018.

The vesting date of the share options is the date of grant.

During the year, 19,200,000 share options have been lapsed on 10 August 2018.

Equity-settled share options expenses of HK$5,788,000 (2018: HK$4,009,000) has been included in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2019. It gave rise to a share options reserve. No liabilities were recognised due to equity-settled share-based payment transactions.

26. SHARE OPTION SCHEME – Continued

The fair values of the share options granted on 14 December 2018 and 30 June 2017 respectively under the Scheme were determined using the binomial option pricing model. Significant inputs into the model and assumptions were as follows:

Parameter	14 December 2018	30 June 2017
Share price on date of grant	HK$0.260*	HK$0.018
Exercise price	HK$0.265*	HK$0.020
Risk-free rate	2.27%	0.943%
Expected option life	10 years	3 years
Expected volatility	104%	70.79%
Early exercise behavior (of the exercise price)	N/A	220%-280%

* Before adjustment of Rights Issue.

The expected volatility represents the historical volatility of the share price of the ordinary shares of the Company.

The share options and weighted average share price are summarised as follows for the reporting periods presented:

	Number of share options	Weighted average exercise price HK$
Outstanding at 1 April 2017	–	–
Granted during the year	544,000,000	0.020
Exercised during the year	(185,600,000)	0.020
Outstanding at 31 March 2018 and 1 April 2018	358,400,000	0.020
Lapsed during the year	(19,200,000)	0.020
Granted during the year	51,716,661	0.265
Exercised during the year	(347,408,994)	0.0258
Adjustment arising from Rights Issue	5,020,117	–
Outstanding and exercisable at 31 March 2019	48,527,784	0.238

The share options outstanding at 31 March 2019, which are all exercisable, had exercise price of HK$0.238 (2018: HK$0.020) and a weighted average remaining contractual life of 9.71 (2018:1.25) years.

At the end of the reporting period, the Company had 48,527,784 (2018: 358,400,000) share options outstanding under the Scheme which representing approximately 3.9% (2018: 4.6%) of the Company's shares in issue as at 31 March 2019. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 48,527,784 (2018: 358,400,000) additional ordinary shares of the Company and additional share capital of HK$485,278 (2018: HK$358,400) and share premium of HK$11,064,335 (2018: HK$6,809,600) (before issue expenses).

Subsequent to the end of the reporting period, no share options was exercised.

At the date of approval of these financial statements, the Company has 48,527,784 share options outstanding under the Scheme, which represented approximately 3.9% of the Company's share in issue as at that date.

27. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

(a) Statement of financial position of the Company

	Notes	**2019 HK$'000**	2018 HK$'000
ASSETS AND LIABILITIES			
Non-current asset			
Investments in subsidiaries		**–**	15,390
Current assets			
Prepayments		**333**	365
Amount due from an associate		**–**	4
Amount due from a former director		**–**	128
Amounts due from subsidiaries		**12,102**	42,797
Cash at banks		**41,631**	128
		54,066	43,422
Current liabilities			
Accrued expenses		**4,606**	1,049
Loan from immediate holding company		**1,019**	–
Loan from a related company		**1,714**	–
Amounts due to subsidiaries		**5,911**	5,910
Amount due to a related party		**200**	–
Promissory note payable		**20,150**	21,357
		33,600	28,316
Net current assets		**20,466**	15,106
Net assets		**20,466**	30,496
EQUITY			
Share capital	24	**12,437**	7,870
Reserves	27(b)	**8,029**	22,626
Total equity		**20,466**	30,496

On behalf of the directors

Pang Xiaoli
Director

Lin Shuxian
Director

27. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY – Continued

(b) Reserves of the Company

	Share premium HK$'000	Contributed surplus HK$'000 (Note)	Share options reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2017	100,050	7,996	–	(23,624)	84,422
Issue of consideration shares *(Note 24(i))*	134	–	–	–	134
Equity-settled share options expenses *(Note 26)*	–	–	4,009	–	4,009
Share options exercised *(Note 26)*	4,878	–	(1,351)	–	3,527
Loss for the year	–	–	–	(69,466)	(69,466)
At 31 March 2018 and 1 April 2018	105,062	7,996	2,658	(93,090)	22,626
Equity-settled share options expenses *(Note 26)*	–	–	5,788	–	5,788
Share options exercised *(Note 26)*	12,010	–	(3,472)	–	8,538
Lapse of share options	–	–	(146)	146	–
Rights Issue, net of expenses *(Note 24(v))*	36,415	–	–	–	36,415
Loss for the year	–	–	–	(65,338)	(65,338)
At 31 March 2019	153,487	7,996	4,828	(158,282)	8,029

Note:

The contributed surplus of the Company represented the difference between the net asset value of the subsidiary acquired and the nominal value of the share capital of the Company issued in exchange thereof pursuant to the group reorganisation prior to the listing of the Company's shares.

28. SUBSIDIARIES

(a) General information of subsidiaries

At 31 March 2019, the Company had direct or indirect interests in the following subsidiaries, all of which are private companies with limited liability, the particulars of which are set out as follows:

Name of subsidiaries	Place of incorporation/ operations	Issued and paid-up share/ registered capital	Percentage of equity interest attributable to the Company Directly	Indirectly	Principal activities
Million Joyce Global Limited	BVI/Hong Kong	1,000 shares of US$1 each	100%	–	Investment holding
King Force Service Limited	Hong Kong	HK$1	–	100%	Inactive
King Force Security Limited	Hong Kong	HK$10,000	–	100%	Provision of security guarding services
Golden Cross Trading Limited	BVI/Hong Kong	1 share of US$1 each	100%	–	Investment holding
Macro Getter Limited	Hong Kong	HK$1	–	100%	Investment holding
Loyal Salute Limited	BVI/Hong Kong	1 share of US$1 each	100%	–	Investment holding
Billion Getting Limited	Hong Kong	HK$1	–	100%	Inactive
Shiny Lotus Global Limited	BVI/Hong Kong	1 share of US$1 each	100%	–	Investment holding
Wise Creator Limited	Hong Kong	HK$1	–	100%	Inactive
King Force Star Technology Limited	BVI/Hong Kong	1 share of US$1 each	100%	–	Investment holding
Bei Dou Technology Group Holdings Limited	Hong Kong	HK$1	–	100%	Inactive
Guanhui Huyu Technology Limited	Samoa	1 share of US$1 each	100%	–	Investment holding
Guanhui Huyu Technology (Hong Kong) Limited	Hong Kong/PRC	HK$1	–	100%	Provision of mobile game business
Shenzhen Jiahonglitian Technology Development Co. Ltd#	PRC	RMB2,000,000	–	100%	Investment holding
Shenzhen Qianhai Guanhui Huyu Technology Limited#	PRC	HK$3,000,000	–	100%	Software development

28. SUBSIDIARIES – Continued

(a) General information of subsidiaries – Continued

Name of subsidiaries	Place of incorporation/ operations	Issued and paid-up share/ registered capital	Percentage of equity interest attributable to the Company Directly	Indirectly	Principal activities
China Bei Dou Communications Technology Group Limited	Hong Kong	HK$24,117,049	–	100%	Investment holding
Bei Dou Internet Education Technology (Shen Zhen) Limited#	PRC	RMB30,000,000	–	70%	Investment holding
Zhongshan Bei Dou Education Limited# ("Bei Dou Zhongshan")	PRC	RMB25,800,000	–	59.5%	Provision of students' e-education and e-security services
Shenzhen Guanhui Jiye Property Management Limited*#	PRC	RMB1,000,000	–	100%	Inactive
Huaqing Huili Limited*	BVI/Hong Kong	1 share of US$1 each	100%	–	Investment holding
Greatwalle Asset Management Limited*	Hong Kong	HK$1	–	100%	Investment holding
Shenzhen Jiuli Investment Advisory Co., Ltd.*#	PRC	RMB1,000,000	–	100%	Provision of business advisory and management services

* These subsidiaries were incorporated during the year.

\# English name for identification purpose only.

None of the subsidiaries had issued any debt securities at the end of the reporting period.

(b) Material non-controlling interests

Bei Dou Zhongshan, a 59.5% owned subsidiary of the Company, has material non-controlling interests ("NCI"). The NCI of all other subsidiaries that are not 100% owned by the Group are considered to be immaterial.

Summarised financial information in relation to the NCI of Bei Dou Zhongshan, before intra-group eliminations, is presented below:

28. SUBSIDIARIES – Continued

(b) Material non-controlling interest – Continued

	Bei Dou Zhongshan 2019 HK$'000	2018 HK$'000
NCI percentage	**40.5**	40.5
As at 31 March		
Current assets	**231**	344
Non-current assets	**225**	7,804
Current liabilities	**(3,368)**	(2,861)
Net (liabilities)/assets	**(2,912)**	5,287
Equity attributable to		
Ordinary shareholders	**(1,544)**	3,334
NCI	**(1,368)**	1,953
	(2,912)	5,287
Carrying amount of NCI	**(1,368)**	1,953
For the year ended 31 March		
Revenue	**–**	–
Loss for the year	**(7,857)**	(15,796)
Other comprehensive income	**(342)**	1,196
Total comprehensive income	**(8,199)**	(14,600)
Loss allocated to NCI	**(3,182)**	(6,397)
Dividends paid to NCI	**–**	–
For the year ended 31 March		
Cash flows from operating activities	**63**	(358)
Cash flows from investing activities	**–**	(154)
Cash flows from financing activities	**–**	497
Net cash outflows	**63**	(15)

29. REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Directors' emoluments

For the year ended 31 March 2019

	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Retirement scheme contributions HK$'000	Equity-settled share options expenses HK$'000	Total HK$'000
Executive directors					
Pang Xiaoli *(Note i)*	–	173	–	960	1,133
Li Mingming	–	240	–	960	1,200
Hon Hoichuen *(Note i)*	–	173	–	961	1,134
Lin Shuxian *(Note i)*	–	173	–	961	1,134
Chen Yunchuo *(Note ii)*	–	169	–	–	169
Li Liping *(Note ii)*	–	68	–	–	68
Cheng Rui *(Note ii)*	–	68	–	–	68
Independent non-executive directors					
Guan Yan *(Note iii)*	130	–	–	96	226
Zhao Jinsong *(Note iii)*	130	–	–	96	226
Li Zhongfei *(Note iii)*	129	–	–	96	225
Xiong Hong *(Note iv)*	51	–	–	–	51
Wan Tat Wai David *(Note iv)*	51	–	–	–	51
Ho Yuk Ming Hugo *(Note iv)*	50	–	–	–	50
Total	541	1,064	–	4,130	5,735

29. REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS – Continued

Directors' emoluments – Continued

For the year ended 31 March 2018

	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Retirement scheme contributions HK$'000	Equity-settled share options expenses HK$'000	Total HK$'000
Executive directors					
Chen Yunchuo *(Note ii)*	–	600	–	–	600
Li Mingming	–	240	–	487	727
Li Liping *(Note ii)*	–	240	–	487	727
Cheng Rui *(Note ii)*	–	240	–	–	240
Independent non-executive directors					
Ho Yuk Ming Hugo *(Note iv)*	165	–	–	49	214
Xiong Hong *(Note iv)*	165	–	–	49	214
Wan Tat Wai David *(Note iv)*	165	–	–	48	213
Total	495	1,320	–	1,120	2,935

No directors waived any emoluments in the year ended 31 March 2019 (2018: Nil).

Notes

(i) Appointed as an executive director on 12 July 2018.

(ii) Resigned as an executive director on 12 July 2018.

(iii) Appointed as an independent non-executive director on 12 July 2018.

(iv) Resigned as an independent non-executive director on 12 July 2018.

29. REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS – Continued

Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, two (2018: one) are directors of the Company whose emoluments are included in the disclosure of directors' emoluments above. The emoluments of the three individuals (2018: four individuals) were as follows:

	2019 HK$'000	2018 HK$'000
Salaries and other emoluments	**5,016**	5,996
Retirement scheme contributions	**54**	72
Equity-settled share options expenses	**829**	606
	5,899	6,674

Their emoluments were within the following bands:

	2019 Number of Individuals	2018 Number of Individuals
HK$2,000,001 to HK$3,000,000	**1**	2
HK$1,000,001 to HK$2,000,000	**2**	1
Nil to HK$1,000,000	**–**	1
	3	4

During both years ended 31 March 2019 and 2018, no emoluments were paid by the Group to the five highest paid individuals, including directors, as an inducement to join or upon joining the Group as compensation for loss of office.

Senior management emoluments

The emoluments paid or payable to members of senior management fell within the following:

	2019 Number of individuals	2018 Number of individuals
HK$2,000,001 to HK$3,000,000	–	2

30. COMMITMENTS

(a) Operating leases

As lessee

Future minimum lease payments under non-cancellable operating leases in respect of rented premises are payable as follows:

	2019 **HK$'000**	2018 HK$'000
Within one year	**1,288**	989
In the second to fifth year	**137**	284
	1,425	1,273

The Group leases a number of premises and office equipment under operating leases. The leases run for an initial period of one year to five years (2018: one year to five years). The above lease commitments only include commitments for basic rental and none of the lease includes any contingent rental.

(b) Capital commitments

As at 31 March 2019, the Group had no capital commitments (2018: commitments for acquisition of other intangible assets on mobile game licenses of approximately HK$2,255,000).

31. CONTINGENCIES AND OTHERS

(a) Contingent liabilities

As at 31 March 2019, the Group has a total of three cases (2018: three cases) pending or unresolved with three plaintiffs related to occupational injury and illness. The risks relating to such contingent liabilities are covered by contractual indemnification and adequate insurance, so the management believes that the possibility of an outflow of resources embodying economic benefits on the contingent liabilities is remote.

(b) Others

(i) Refund of Consideration from Bei Dou Jiuyi

On 15 June 2015, Bei Dou Zhongshan, which became an indirectly owned subsidiary of the Company on 16 December 2016, entered into a business cooperation agreement with an independent third party, Bei Dou Jiuyi, pursuant to which Bei Dou Jiuyi had agreed to franchise Bei Dou Zhongshan to conduct relevant Bei Dou services under its Branch Services Trial Qualification ("Bei Dou Qualification"), subject to the terms and conditions therein.

31. CONTINGENCIES AND OTHERS – Continued

(b) Others – Continued

(i) Refund of Consideration from Bei Dou Jiuyi – Continued

On 27 January 2017, the Company found that there were changes to information in relation to Bei Dou Qualification on the official website of China National Administration of GNSS and Application ("CNAGA") (the "Website") on 25 January 2017, which included a word of suspension and a notice that Bei Dou Jiuyi did not pass the annual inspection and qualification renewal check, the Bei Dou Qualification has been suspended (the "Suspension"), and Bei Dou Jiuyi was required to carry out remedial works within six months. If Bei Dou Jiuyi successfully carries out the rectifications required, the Bei Dou Qualification will be renewed, otherwise, the Bei Dou Qualification would be revoked by CNAGA.

The Company had made telephone enquiry with the managing center of CNAGA after being aware of the Suspension. The Company was informed that:

(a) the period of validity of the Bei Dou Qualification is four years, but its yearly renewal is subject to the annual inspection check (the "Annual Check");

(b) during the period of rectification and improvement (the "Period"), although the Bei Dou Qualification is currently suspended, it is not withdrawn and still remains in force. As such, Bei Dou Jiuyi is entitled to operate relevant business and co-operate with its business partners under the Bei Dou Qualification; and

(c) after Bei Dou Jiuyi has submitted all the documents required by the Annual Check during the Period, the suspension will be lifted.

On 12 June 2017, the Group has filed a civil petition statement at the Zhongshan First People's Court against Bei Dou Jiuyi, claiming that Bei Dou Jiuyi has breached the business cooperation agreement entered with Bei Dou Zhongshan, a subsidiary of the Company on 15 June 2015 and seeking the court for an order against that Bei Dou Jiuyi to, inter alia, return the consideration under the agreement amounted to RMB15,000,000 together with interests. On 15 June 2017, the Group received the notice of acceptance of the case issued by the Zhongshan First People's Court. Details are disclosed in the Company's announcements dated 27 January 2017, 14 February 2017 and 16 June 2017.

On 18 January 2018, the Group received a judgement granted by the Zhongshan First People's Count (the "Judgement") in favour of Bei Dou Zhongshan. The contents of the Judgement are summarized that:

(a) the business cooperation agreement with Bei Dou Jiuyi was rescinded;

(b) Bei Dou Jiuyi shall, within seven days from the effective date of the Judgement, return the consideration of the Bei Dou Qualification amounted to RMB15,000,000 together with the interest accrued (the "Refund of Consideration"); and

31. CONTINGENCIES AND OTHERS – Continued

(b) Others – Continued

(i) Refund of Consideration from Bei Dou Jiuyi – Continued

(c) the court fee amounted to RMB111,800 shall be borne by Bei Dou Jiuyi.

Therefore, the management has written off the Franchise of Bei Dou Qualification with net carrying amount of HK$11,626,000 (Note 16) to profit or loss for the year ended 31 March 2018.

In November 2018, Bei Dou Zhongshan has commenced formal enforcement proceedings against Bei Dou Jiuyi. 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. Details are disclosed in the Company's announcements dated 13 November 2018. After an application made by Bei Dou Zhongshan, the Court responsible for the enforcement proceedings had listed Bei Dou Jiuyi as a Dishonest Person, thereby enforcing a spending restriction on the individual legal representative of Bei Dou Jiuyi, and has announced such restriction on the official website of the Court to urge for the performance of debt obligation.

At the reporting date, Bei Dou Zhongshan has not received any compensation from Bei Dou Jiuyi. Based on researches and legal advices, the directors considered that the recoverability of the Refund of Consideration is remote (2018: The directors considered the Judgement is in favour of the Group and believed that an inflow of economic benefits from the Refund of Consideration amounted to RMB15,000,000 (equivalent to HK$18,762,000) was, therefore, probable. However, the contingent asset has not been recognised as a receivable at 31 March 2018 as it was not virtually certain that an inflow of economic benefits would arise).

(ii) Amount due from the non-controlling equity holder of a subsidiary

The management considers the inflow of economic benefits from the amount due from the non-controlling equity holder of Bei Dou Zhongshan is virtually certain as (i) there is contractual right by Bei Dou Zhongshan to request for payment of the unpaid capital from the non-controlling equity holder and (ii) there is seize of the share of estates under name of the non-controlling equity holder of Bei Dou Zhongshan granted by the Zhongshan First People's Court. Therefore, the management considered the recoverable amount of the amount due from non-controlling equity holder is HK$225,000 as at 31 March 2019 as disclosed in Note 19(a).

(iii) Compensation from Profit Guarantee

On 18 October 2016, the Group entered into a sale and purchase agreement (the "S&P Agreement") with Zheng Gang ("Mr. Zheng"), an independent third party, pursuant to which the Group acquired 100% of the issued share capital of China Bei Dou at a consideration of HK$51,170,000, subject to a profit guarantee that the total audited consolidated net profit after taxation of China Bei Dou, prepared in accordance with HKFRSs and audited by auditors, shall not be less than HK$18 million for the two financial years ended 31 December 2017 and 2018 (the "Profit Guarantee"). In the event that the Profit Guarantee is not met, Mr. Zheng shall compensate China Bei Dou on a dollar-for-dollar basis on the shortfall by cash.

If China Bei Dou records net losses for the two financial years ending 31 December 2017 and 2018, the compensation amount will be the same as the consideration, HK$51,170,000 and Mr. Zheng shall pay the compensation within one month after the issue date of the audited report for the two financial years ended 31 December 2017 and 2018.

China Bei Dou recorded a total loss for the two financial years ended 31 December 2017 and 2018, therefore, the compensation amount represented HK$51,170,000 by cash according to the Profit Guarantee. Based on past credit history and researches, the management believes that recoverability of the compensation of Profit Guarantee is remote. The Group has commenced preparation work on the legal proceedings against Mr. Zheng, including notarized verification procedure regarding the legal status of overseas plaintiff according to the requirement of the PRC court.

32. RELATED PARTY TRANSACTIONS

(i) In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group had the following transactions carried out with related parties during the year:

	Notes	**2019 HK$'000**	2018 HK$'000
Business advisory and management services income received from a related company	(a & b)	**691**	–
Operating lease and related charges paid to the spouse of a director of a subsidiary, Ms. Liu Lai Ying		**660**	605
Interest income received from an associate, Magn Investment	(a)	**258**	297
Interest income from a director of a subsidiary		**26**	318
Interest paid to a director of a subsidiary, Mr. Fu Yik Lung	(a)	**2,262**	975
Interest paid to immediate holding company	(a)	**19**	–
Interest paid to a related company	(a & c)	**14**	–

Note:

(a) The transactions above were carried out on the terms agreed between the relevant parties.

(b) Transaction with Shenzhen Great Walle Capital Management Co., Ltd., a company controlled by the common shareholder.

(c) Transaction with Bohou Investment Limited, a company controlled by the common shareholder.

(ii) Compensation of key management personnel

	2019 HK$'000	2018 HK$'000
Short-term employee benefits	**7,090**	8,055
Post-employment benefits	**72**	92
Equity-settled share options expenses	**4,130**	1,120
	11,292	9,267

32. RELATED PARTY TRANSACTIONS – Continued

(iii) Balances with related parties

	Notes	2019 HK$'000	2018 HK$'000
Receivable from/(payable to)			
Ms. Liu Lai Ying, spouse of a director of a subsidiary	(a)	**100**	100
Mr. Chen Yunchuo, a former director of the Company and a director of a subsidiary	(b)	**–**	236
A director of a subsidiary	(c)	**–**	4,864
Magn Investment, an associate	(d)	**–**	4,305
	(d)	**(373)**	(416)
Mr. Li Mingming, a director of the Company	(e)	**–**	(161)
Mr. Fu Yik Lung, a director of a subsidiary	(f)	**(21,350)**	(21,357)
Greatwalle Holding Limited, immediate holding company	(g)	**(1,019)**	–
Bohou Investment Limited, a related company	(h)	**(1,714)**	–
Shenzhen Great Walle Capital Management Co., Ltd., a related company	(i)	**(86)**	–

(a) Balance with Ms. Liu Lai Ying, represented a spouse of a director of a subsidiary.

(b) Balance with Mr. Chen Yunchuo, a former director of the Company and a director of a subsidiary, represented the amount due from a former director. He has resigned as a director of the Company on 12 July 2018.

(c) Balances with a director of a subsidiary, represented the amount due from a related party of HK$4,864,000) as at 31 March 2018. The amount has been repaid during the current year.

(d) Balance with Magn Investment, an associate of the Group, represented the loan to an associate and amount due from/to an associate.

(e) Balance with Mr. Li Mingming, a director of the Company, represented the amount due to a director.

(f) Balance with Mr. Fu Yik Lung, a director of a subsidiary, represented promissory note payable and its accrued interests of HK$20,150,000 (2018: HK$21,357,000) in total and the amount due to a related party of HK$1,200,000 (2018: Nil).

(g) Balance with Greatwalle Holding Limited, immediate holding company, represented the loan from immediate holding company and its accrued interests of HK$1,019,000 (2018: Nil).

(h) Balance with Bohou Investment Limited, a company controlled by the common shareholder, represented the loan from a related company and its accrued interests of HK$1,714,000 (2018: Nil).

(i) Balance with Shenzhen Great Walle Capital Management Co., Ltd., a company controlled by the common shareholder, represented the amount due to a related party.

33. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The following table shows the carrying amount and fair value of financial assets and liabilities:

	2019 HK$'000	2018 HK$'000
Financial assets		
Non-current		
Financial assets measured at fair value through profit or loss/ Available-for-sale financial assets:		
– Investment in a life insurance policy	**–**	1,169
Financial assets measured at amortised cost/Loans and receivables		
– Amount due from the non-controlling equity holder of a subsidiary	**225**	2,269
	225	3,438
Current		
Financial assets measured at amortised cost/ Loans and receivables:		
– Trade receivables	**2,629**	12,600
– Deposits and other receivables	**1,387**	1,036
– Amounts 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
– Cash at banks and in hand	**44,409**	10,849
	48,425	33,890
	48,650	37,328
Financial liabilities		
Current		
Financial liabilities measured at amortised cost:		
– Trade payables	**693**	693
– Accrued expenses and other payables	**10,813**	11,984
– 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	34,611

34. FINANCIAL RISK MANAGEMENT

The Group is exposed to a variety of financial risks which result from the use of financial instruments in its ordinary course of operations. The financial risks include market risks (mainly foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The directors meet regularly to identify and evaluates risks and formulates strategies to manage financial risks on timely and effective manner. The risks associated with these financial instruments and the policies applied by the Group to mitigate these risks are set out below.

Foreign currency risk

The Group has transactional and translational currency exposures. These exposures arise from expenses incurred by operating units in currencies other than the units' functional currencies. The Group's monetary assets, monetary liabilities, financing and transactions are principally denominated in RMB and HK$. The Group is exposed to the foreign exchange risk arising from changes in the exchange rate of HK$ against RMB. At present, the Group does not intend to seek to hedge its exposure to foreign exchange fluctuations. However, the Group will constantly review the economic situation and its foreign exchange risk profile, and will consider appropriate hedging measures in future as may be necessary.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the RMB exchange rate, with all other variables held constant, of the Group's (loss)/profit before tax (due to changes in the fair value of monetary assets and liabilities).

	Increase/ (decrease) in RMB rate	**(Decrease)/ Increase in loss before tax**	**Increase/ (Decrease) in equity**
	%	HK$'000	HK$'000
2019			
If Hong Kong dollar weakens against RMB	**5**	**(369)**	**225**
If Hong Kong dollar strengthens against RMB	**(5)**	**369**	**(225)**
2018			
If Hong Kong dollar weakens against RMB	5	(95)	213
If Hong Kong dollar strengthens against RMB	(5)	95	(213)

34. FINANCIAL RISK MANAGEMENT – Continued

Interest rate risk

The Group's fair value interest-rate risk mainly arises from loan from immediate holding company as disclosed in Note 19(d), loan from a related company as disclosed in Note 19(d) and promissory loan note as disclosed in Note 23. Loan from immediate holding company, loan from a related company and promissory loan note were issued at fixed rates which expose the Group to fair value interest-rate risk. The Group has no cash flow interest-rate risk as there are no borrowings which bear floating interest rates. The Group has not used any financial instruments to hedge potential fluctuations in interest rates.

Credit risk

The Group's exposure to credit risk related to the financial assets summarised in the Note 33. Details of the Group's exposures to credit risk on trade and other receivables, loan to an associate, amounts due from a former director/an associate/a related party/a non-controlling equity holder of a subsidiary are disclosed in Notes 19 and 20.

The Group's bank balances are all deposited with licensed banks in Hong Kong and the PRC.

The Group's trade receivables are actively monitored to avoid concentration of credit risk with exposure spread over a number of customers.

The Group continuously evaluates the credit risk of its customers to ensure appropriateness of the amount of credit granted. Credit terms are extended to certain customers based on the evaluation of individual customer's financial conditions. In addition, the Group reviews the recoverable amount of each individual trade debt at that reporting date to ensure that adequate impairment losses are made for irrecoverable amounts. The credit policies have been followed by the Group during the year and are considered to have been effective in limiting the Group's exposure to credit risk to a desirable level.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

For trade receivables as at 31 March 2019, 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 31 March 2019.

34. FINANCIAL RISK MANAGEMENT – Continued

Credit risk – Continued

Expected loss rates are based on actual loss experience over the past 2 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the group's view of economic conditions over the expected lives of the receivables.

Prior to 1 April 2018, an impairment loss was recognised only when there was objective evidence of impairment. The ageing analysis of trade debtors that were not considered to be impaired was as follows:

	2018 HK$'000
Neither past due nor impaired	9,689
Not more than 30 days past due	1,149
30-90 days past due	1,547
Over 90 days past due	215
	12,600

Receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired related to a number of independent customers that had a good track record with the group. Based on past experience, the management believed that no impairment allowance was necessary in respect of these balances as there had been no significant change in credit quality and the balances were still considered fully recoverable.

The Group has adopted general approach to measure ECLs on financial assets included in prepayments, deposits and other receivables, and other financial assets at amortised costs. Under the general approach, the Group applies the "3-stage" impairment model for ECLs measurement based on change in credit risk since initial recognition as follows:

– Stage 1: If the credit risk of the financial instrument has not increased significantly since initial recognition, the financial instrument is included in Stage 1.

– Stage 2: If the credit risk of the financial instrument has increased significantly since its initial recognition but is not deemed to be credit-impaired, the financial instrument is included in Stage 2.

– Stage 3: If the financial instrument is credit-impaired, the financial instrument is included in Stage 3.

34. FINANCIAL RISK MANAGEMENT – Continued

Credit risk – Continued

The ECLs for financial instruments in Stage 1 are measured at an amount equivalent to 12-month ECLs whereas the ECLs for financial instruments in Stage 2 or Stage 3 are measured at an amount equivalent to lifetime ECLs.

When determining whether the risk of default has increased significantly since initial recognition, 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 risk assessment and including forward-looking information.

At the end of each reporting period, the Group assesses whether a financial asset is credit-impaired. A financial asset is considered as credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

(a) significant financial difficulty of the debtor;

(b) a breach of contract, such as a default or past due event;

(c) granting a concession to the debtors that the lender would not otherwise consider for economic or contractual reasons relating to the debtor's financial difficulty; or

(d) it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

The measurement of ECLs is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure of default. The assessment of the probability of default and loss given default is based on historical data and adjusted for forward-looking information through the use of industry trend and experienced credit judgment to reflect the qualitative factors, and through the use of multiple probability-weighted scenarios.

34. FINANCIAL RISK MANAGEMENT – Continued

Credit risk – Continued

The following table provides information about the Group's exposure to credit risk and ECLs for loan and other receivables as at 31 March 2019:

	Expected loss rate (%)	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Gross carrying amount HK$'000	Loss allowance HK$'000
Amount due from the non-controlling equity holder of a subsidiary *(Note i)*	90%	–	2,229	–	2,229	2,004
Deposits and other receivable *(Note ii)*	1% - 100%	1,387	–	123	1,510	123
Loan to an associate *(Note iii)*	100%	–	–	4,555	4,555	4,555
Amount due from an associate *(Note iii)*	100%	–	–	150	150	150
		1,387	2,229	4,828	8,444	6,832

Note:

i. Transfer of amount due from the non-controlling equity holder of a subsidiary of HK$2,229,000 from stage 1 to stage 2 and resulting in an increase in loss allowance of HK$2,004,000.

ii. Transfer of amount due from other receivable of HK$123,000 from stage 1 to stage 3 and resulting in an increase in loss allowance of HK$123,000.

iii. Transfer of loan to an associate and amount due from an associate of HK$4,555,000 and HK$150,000 from stage 1 to stage 3 and resulting in an increase in loss allowance of HK$3,539,000 and HK$150,000 respectively.

Movement in the loss allowance account in respect of trade, loan and other receivables during the year is as follows:

	Amount due from the non-controlling equity holder of a subsidiary HK$'000	Deposits HK$'000	Loan to an associate HK$'000	Amount due from an associate HK$'000	Total HK$'000
Balance at 1 April 2018 under HKAS 39	–	–	–	–	–
Impact on initial application of HKFRS 9 *(note 2(a))*	–	–	1,016	–	1,016
Adjusted balance at 1 April 2018 under HKFRS 9	–	–	1,016	–	1,016
Impairment losses recognised during the year (Lifetime ECL – Stage 2)	2,004	–	–	–	2,127
Impairment losses recognised during the year (Lifetime ECL – Stage 3)	–	123	3,539	150	3,689
Balance at 31 March 2019	2,004	123	4,555	150	6,832

34. FINANCIAL RISK MANAGEMENT – Continued

Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group is exposed to liquidity risk in respect of settlement of trade payables, accrued liabilities, other payables and its financing obligations, and also in respect of its cash flow management. The Group's objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and longer term.

The liquidity policies have been followed by the Group during the year and are considered by the directors to have been effective in managing liquidity risk.

Analysed below is the Group's remaining contractual maturities at the end of the reporting period of the Group's financial liabilities based on contractual undiscounted cash flows (including interest payments computed using contractual rates) and the earliest date the Group are required to pay. Where the settlement of the liability is in instalments, each instalment is allocated to the earliest period in which the Group are committed to pay.

	Within 1 year or on demand HK$'000	Total contractual undiscounted cash flows HK$'000	Carrying amounts HK$'000
As at 31 March 2019			
Non-derivatives:			
Trade payables	**693**	**693**	**693**
Accrued expenses and other payables	**10,813**	**10,813**	**10,813**
Loan from immediate holding company	**1,019**	**1,019**	**1,019**
Loan from a related company	**1,714**	**1,714**	**1,714**
Amount due to an associate	**373**	**373**	**373**
Amounts due to related parties	**1,286**	**1,286**	**1,286**
Promissory note payable	**20,950**	**20,950**	**20,150**
	36,848	**36,848**	**36,048**
As at 31 March 2018			
Non-derivatives:			
Trade payables	693	693	693
Accrued expenses and other payables	11,984	11,984	11,984
Amount due to a director	161	161	161
Amount due to an associate	416	416	416
Promissory note payable	22,480	22,480	21,357
	35,734	35,734	34,611

35. FAIR VALUE MEASUREMENTS

Fair values of the Group's financial assets and liabilities measured at amortised cost are not materially different from their carrying amounts because of the immediate or short-term maturity of these financial instruments.

The following table provides an analysis of financial instruments carried at fair value by level of the Fair Value Hierarchy:

Level 1: Fair value measured using only Level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;

Level 2: Fair value measured based on valuation techniques using Level 2 inputs, i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs.

Level 3: Fair value measured based on valuation techniques using significant unobservable inputs (i.e. not derived from market data).

	Level 1 HK$'000	**Level 2 HK$'000**	**Level 3 HK$'000**	**Total HK$'000**
At 31 March 2019				
Financial assets				
Financial asset at fair value through profit or loss:				
– Investment in a life insurance policy	**–**	**–**	**–**	**–**

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
At 31 March 2018				
Financial asset				
Available-for-sale financial assets:				
– Investment in a life insurance policy	–	1,169	–	1,169

Information about level 2 for fair value measurements

As at 31 March 2018, fair value of the investment in a life insurance policy was determined by the insurance company with reference to the Cash Value. During the year, the Group has withdrawn the investment in a life insurance policy.

35. FAIR VALUE MEASUREMENTS – Continued

Information about level 3 for fair value measurements

Contingent consideration receivable

As at 31 March 2018, the financial asset at fair value through profit or loss represented a contingent consideration receivable arising from the profit guarantee in relation to the acquisition of 100% equity interest of China Bei Dou on 16 December 2016. Pursuant to the profit guarantee, the potential undiscounted amount of the contingent consideration receivable that the Group could receive was between nil and HK$51,170,000. The fair value of the financial asset at fair value through profit or loss was determined by applying the income approach and after considering the probability of the weighted average estimated profit or loss of the guaranteed two-year period under discounted cash flow method and the credit risk of the compensation that the Group could receive.

The contingent consideration receivable was subject to the performance requirement as stipulated in the S&P Agreement. Pursuant to the S&P Agreement, Mr. Zheng undertakes China Bei Dou shall achieve the Profit Guarantee that the total audited consolidated net profit after taxation of China Bei Dou, prepared in accordance with HKFRSs and audited by auditors, shall not be less than HK$18 million for the two financial years ending 31 December 2017 and 2018. In the event that the Profit Guarantee is not achieved, Mr. Zheng shall compensate China Bei Dou on a dollar-for-dollar basis on the shortfall by cash. If China Bei Dou records a total loss for the two financial years ending 31 December 2017 and 2018, the compensation amount will be the same as the consideration of HK$51,170,000.

The fair value of the contingent consideration receivable was estimated by the management with the assistance of a firm of professional valuers after considering the probability that China Bei Dou could meet the Profit Guarantee and the credit risk of the compensation.

The significant unobservable inputs used in calculating the fair value measurement of the contingent consideration receivable was the present value of the expected profits and the credit risk of the compensation. With all other variables held constant, for the year ended 31 March 2018, an increase/decrease in the estimated profits by 5% would have decreased/increased the Group's result by nil. With all other variables held constant, an increase/decrease in the credit risk of the compensation by 5% would have decreased/increased the Group's result by nil/HK$2,470,000.

As at 31 December 2018, China Bei Dou recorded a total loss for the two financial years ended 31 December 2017 and 2018, therefore, the compensation amount on contingent consideration receivable represented HK$51,170,000 by cash according to the Profit Guarantee. Based on past credit history and researches, the management believes that recoverability of the compensation of Profit Guarantee is remote (Note 31(b)).

The carrying amount of contingent consideration receivable as at 31 March 2018 and 31 December 2018 was nil. There were no changes in valuation techniques during the year.

Contingent consideration payable

The consideration shares to be issued to Magn Group Limited in relation to the acquisition of Magn Investment, are subject to the performance requirement as set out in the adjustment mechanism stipulated in the supplemental agreement. Pursuant to the supplemental agreement, Magn Group Limited undertakes that Magn Investment shall achieve the "Guaranteed Profit" as below:

Magn Group Limited guaranteed to the Company that the audited consolidated net profit after tax of Magn Investment for the financial year ended 31 March 2017 (the "2017 Actual Profit") shall be not less than HK$45,000,000 (the "2017 Guaranteed Profit").

35. FAIR VALUE MEASUREMENTS – Continued

Information about level 3 for fair value measurements – Continued

Contingent consideration payable – Continued

In the event that the 2017 Actual Profit fails to meet the 2017 Guaranteed Profit, Magn Group Limited shall indemnify the Company the amount of the 2017 Compensated Amount (as defined below) by deducting the 2017 Compensated Amount from the consideration shares.

The "2017 Compensated Amount" = (2017 Guaranteed Profit – 2017 Actual Profit) x 0.4425

The fair value of the consideration shares was estimated by the management of the Company after considering the probability that Magn Investment could meet the 2017 Guaranteed Profit and the market price of the shares of the Company.

As at 1 April 2017, the contingent consideration payable represented the consideration shares to be issued to Magn Group Limited subject to the profit guarantee of Magn Investment for the six months ended 31 March 2016 and the year ended 31 March 2017. The consideration shares were issued on 12 March 2018 (Note 24(i)).

The movements during the year in the balance of these Level 3 fair value measurements are as follows:

	2019 **HK$'000**	2018 HK$'000
Contingent consideration receivable		
At 1 April	**–**	2,200
Fair value loss on contingent consideration receivable recognised in profit or loss during the year	**–**	(2,200)
At 31 March	**–**	–
Contingent consideration payable		
At 1 April	**–**	106
Fair value gain on contingent consideration payable recognised in profit or loss during the year	**–**	32
Settlement of contingent consideration	**–**	(138)
At 31 March	**–**	–

There were no transfers between levels during the year.

36. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the year.

The Group sets the amount of capital in proportion to its overall financing structure. The Group manages the capital structure and makes adjustments to it in the 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.

The management of the Company regards total equity as capital. The amount of capital as at 31 March 2019 and 2018 amounted to HK$25,459,000 and HK$60,750,000 respectively, which the management considers as optimal having considered the projected capital expenditures and the projected strategic investment opportunities.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity attributable to owners of the Company. Net debt includes promissory note payable less cash and cash equivalents. The Group's policy is to maintain a gearing ratio at a reasonable level.

The gearing ratios as at the end of the reporting periods were as follows:

	2019 **HK$'000**	2018 HK$'000
Promissory note payable	**20,150**	21,357
Loan from immediate holding company	**1,019**	–
Loan from a related company	**1,714**	–
Amount due from a related party	**1,200**	–
Total debt	**24,083**	21,357
Less: Cash and cash equivalents	**(44,409)**	(10,849)
Net debt	**N/A**	10,508
Total equity attributable to owners of the Company	**27,339**	59,230
Gearing ratio	**N/A**	18%

37. NOTE SUPPORTING CASH FLOW STATEMENT

Reconciliation of liabilities arising from financing activities

	Loan from immediate holding company HK$'000	**Loan from a related company** HK$'000	**Promissory note payable** HK$'000	**Amount due to a related party** HK$'000	**Total** HK$'000
At 1 April 2017	–	–	20,382	–	20,382
Accrued interest on promissory note *(Note 9)*	–	–	975	–	975
At 31 March 2018 and 1 April 2018	–	–	21,357	–	21,357
Changes from financing cash flows:					
Proceed from loan from immediate holding company	1,000	–	–	–	1,000
Proceed from loan from a related company	–	1,700	–	–	1,700
Proceed from amount due to a related party	–	–	–	1,200	1,200
Interest paid	–	–	(3,468)	–	(3,468)
Total changes from financing cash flows	1,000	1,700	17,889	1,200	21,789
Other changes:					
Accrued interests *(Note 9)*	19	14	2,261	–	2,294
At 31 March 2019	1,019	1,714	20,150	1,200	24,083

38. EVENTS AFTER THE REPORTING DATE

(a) On 4 April 2019, the Group had entered into an extension agreement with the noteholder of the promissory note as disclosed in Note 23 on pursuant to which the maturity date of the promissory note was extended to 5 October 2020 and the extended promissory note would bear fixed interest in the amount of HK$200,000 per month up to 30 June 2020.

(b) On 18 April 2019, the Company has granted 25,353,163 share options to grantees. The share options shall entitle the grantees to subscribe for a total of 25,353,163 new shares of HK$0.01 each in the share capital of the Company at exercise price of HK$0.0904 per share during the exercise period from 18 April 2019 to 17 April 2029.

FIVE YEARS' FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements in this annual report and the prospectus of the Company, is as follows.

FINANCIAL RESULTS

	Year ended 31 March				
	2019	2018	2017	2016	2015
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**36,902**	111,807	146,212	146,224	130,302
Gross (loss)/profit	**(1,425)**	14,452	30,866	27,574	24,792
(Loss)/profit before income tax	**(88,430)**	(82,339)	7,360	1,302	4,394
(Loss)/profit for the year	**(88,473)**	(81,551)	5,556	(55)	2,926
Attributable to:					
Owners of the Company	**(85,171)**	(74,705)	6,197	(55)	2,926
Non-controlling interests	**(3,302)**	(6,846)	(641)	–	–
	(88,473)	(81,551)	5,556	(55)	2,926

ASSETS AND LIABILITIES

	As at 31 March				
	2019	2018	2017	2016	2015
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Non-current assets	**10,843**	58,121	116,324	32,109	14,660
Current assets	**50,664**	37,245	56,812	56,705	54,210
Current liabilities	**36,048**	34,616	19,239	28,558	12,217
Non-current liabilities	**–**	–	20,909	478	885
Net assets	**25,459**	60,750	132,988	59,778	55,768
Total equity attributable to:					
Owners of the Company	**27,339**	59,230	125,073	59,778	55,768
Non-controlling interests	**(1,880)**	1,520	7,915	–	–
	25,459	60,750	132,988	59,778	55,768