

# GREATWALLE INC. 長 城 匯 理 公 司

*(Incorporated in the Cayman Islands with limited liability)*

*Stock Code: 8315*

Interim Report  
**2019/20**

## **CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

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

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*This report, for which the directors (the “**Directors**”) of Greatwall 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.*

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## CORPORATE INFORMATION

### DIRECTORS

#### *Executive Directors:*

Mr. Song Xiaoming (*Chairman*)  
(*appointed on 6 August 2019*)  
Ms. Pang Xiaoli (*Chief Executive Officer*)  
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

Mr. Song Xiaoming (*Chairman*)  
Mr. Zhao Jinsong  
Mr. Li Zhongfei

### COMPANY SECRETARY

Ms. Lam Yuen Ling Eva

### AUTHORISED REPRESENTATIVES

Ms. Pang Xiaoli  
Mr. Hon Hoi Chuen

### 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 54  
Hopewell Centre  
183 Queen's Road East  
Hong Kong

### PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited  
Hang Seng Bank Limited  
OCBC Wing Hang Bank Limited  
Standard Chartered Bank

### COMPANY WEBSITE

[www.kingforce.com.hk](http://www.kingforce.com.hk)

### STOCK CODE

8315

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE THREE MONTHS AND SIX MONTHS ENDED 30 SEPTEMBER 2019**

	Notes	For the three months ended 30 September		For the six months ended 30 September	
		2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
<b>Revenue</b>	3	<b>3,401</b>	10,090	<b>6,511</b>	23,859
Cost of services rendered		<b>(2,443)</b>	(9,772)	<b>(5,675)</b>	(25,125)
<b>Gross profit/(loss)</b>		<b>958</b>	318	<b>836</b>	(1,266)
Other income	4	<b>87</b>	535	<b>282</b>	968
Administrative expenses		<b>(14,955)</b>	(11,545)	<b>(27,482)</b>	(21,861)
Finance costs	5	<b>(630)</b>	(605)	<b>(1,281)</b>	(1,066)
<b>Loss before income tax</b>	6	<b>(14,540)</b>	(11,297)	<b>(27,645)</b>	(23,225)
Income tax expense	7	<b>-</b>	-	<b>-</b>	-
<b>Loss for the period</b>		<b>(14,540)</b>	(11,297)	<b>(27,645)</b>	(23,225)
<b>Other comprehensive income that may be reclassified subsequently to profit or loss:</b>					
Exchange difference on translation of financial statements of foreign operations		<b>198</b>	(187)	<b>413</b>	(592)
Other comprehensive income for the period		<b>198</b>	(187)	<b>413</b>	(592)
<b>Total comprehensive income for the period</b>		<b>(14,342)</b>	(11,484)	<b>(27,232)</b>	(23,817)
<b>Loss for the period attributable to:</b>					
Owners of the Company		<b>(13,541)</b>	(11,208)	<b>(25,419)</b>	(22,980)
Non-controlling interests		<b>(999)</b>	(89)	<b>(2,226)</b>	(245)
		<b>(14,540)</b>	(11,297)	<b>(27,645)</b>	(23,225)
<b>Total comprehensive income for the period attributable to:</b>					
Owners of the Company		<b>(13,362)</b>	(11,345)	<b>(25,039)</b>	(23,448)
Non-controlling interests		<b>(980)</b>	(139)	<b>(2,193)</b>	(369)
		<b>(14,342)</b>	(11,484)	<b>(27,232)</b>	(23,817)
		<b>HK cents</b>	HK cents	<b>HK cents</b>	HK cents
<b>Loss per share for loss attributable to owners of the Company</b>	8	<b>(1.09)</b>	(1.37)	<b>(2.04)</b>	(2.85)
- Basic and diluted					

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2019**

	Notes	As at 30 September 2019 (Unaudited) HK\$'000	As at 31 March 2019 (Audited) HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	9,057	9,684
Goodwill		218	–
Other intangible assets	11	603	934
Interests in associates	12	–	–
Right of use assets		1,266	–
Financial assets at fair value through other comprehensive income		10	–
Amount due from the non-controlling equity holder of a subsidiary		217	225
		<b>11,371</b>	10,843
<b>Current assets</b>			
Trade receivables	13	3,947	2,629
Prepayments, deposits and other receivables		11,452	2,036
Right of use assets		1,144	–
Tax recoverables		–	1,590
Cash at banks and in hand		17,739	44,409
		<b>34,282</b>	50,664
<b>Current liabilities</b>			
Trade payables	14	694	693
Accrued expenses and other payables		10,282	10,813
Loan from immediate holding company		–	1,019
Loan from a related company		–	1,714
Lease liabilities		1,138	–
Amount due to an associate		350	373
Amounts due to related parties		1,138	1,286
Amounts due to intermediate holding company		11	–
Promissory note payable	15	1,400	20,150
		<b>15,013</b>	36,048
<b>Net current assets</b>		<b>19,269</b>	14,616
<b>Non-current liabilities</b>			
Lease liabilities		1,327	–
Consideration payable		3,025	–
Promissory note payable	15	19,950	–
		<b>24,302</b>	–
<b>Net assets</b>		<b>6,338</b>	25,459
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	16	12,437	12,437
Reserves		(6,521)	14,902
		<b>5,916</b>	27,339
Non-controlling interests		422	(1,880)
<b>Total equity</b>		<b>6,338</b>	25,459

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019**

	Share capital HK\$'000	Share premium HK\$'000	Share option reserve HK\$'000	Merger reserve HK\$'000	Foreign exchange reserve HK\$'000	Capital reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 April 2018 (audited)	7,870	105,062	2,658	(5,270)	1,257	586	(52,933)	59,230	1,520	60,750
Loss for the period	-	-	-	-	-	-	(22,980)	(22,980)	(245)	(23,225)
Other comprehensive income:										
Exchange difference on translation of financial statements of foreign operations	-	-	-	-	(468)	-	-	(468)	(124)	(592)
Total comprehensive income for the period	-	-	-	-	(468)	-	(22,980)	(23,448)	(369)	(23,817)
Transactions with owners:										
Issue of shares upon exercise of share options	339	9,103	(2,512)	-	-	-	-	6,930	-	6,930
Cancellation of share option	-	-	(146)	-	-	-	-	(146)	-	(146)
Total transactions with owners	339	9,103	(2,658)	-	-	-	-	6,784	-	6,784
<b>At 30 September 2018 (unaudited)</b>	<b>8,209</b>	<b>114,165</b>	<b>-</b>	<b>(5,270)</b>	<b>789</b>	<b>586</b>	<b>(75,913)</b>	<b>42,566</b>	<b>1,151</b>	<b>43,717</b>
At 1 April 2019 (audited)	<b>12,437</b>	<b>153,487</b>	<b>4,828</b>	<b>(5,270)</b>	<b>831</b>	<b>-</b>	<b>(138,974)</b>	<b>27,339</b>	<b>(1,880)</b>	<b>25,459</b>
Loss for the period	-	-	-	-	-	-	(25,419)	(25,419)	(2,226)	(27,645)
Other comprehensive income:										
Exchange difference on translation of financial statements of foreign operations	-	-	-	-	380	-	-	380	33	413
Total comprehensive income for the period	-	-	-	-	380	-	(25,419)	(25,039)	(2,193)	(27,232)
Transactions with owners:										
Equity-settled share options expenses	-	-	4,445	-	-	-	-	4,445	-	4,445
Cancellation of share option	-	-	(829)	-	-	-	-	(829)	-	(829)
Arising from acquisition of subsidiaries	-	-	-	-	-	-	-	-	4,495	4,495
Total transactions with owners	-	-	3,616	-	-	-	-	3,616	4,495	8,111
<b>At 30 September 2018 (unaudited)</b>	<b>12,437</b>	<b>153,487</b>	<b>8,444</b>	<b>(5,270)</b>	<b>1,211</b>	<b>-</b>	<b>(164,393)</b>	<b>5,916</b>	<b>422</b>	<b>6,338</b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019**

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2019</b>	2018
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
<b>Net cash used in operating activities</b>	<b>(23,030)</b>	(17,781)
<b>Net cash (used in)/generated from investing activities</b>	<b>(1,298)</b>	4,922
<b>Net cash (used in)/generated from financing activities</b>	<b>(2,733)</b>	5,521
<b>Net decrease in cash and cash equivalents</b>	<b>(27,061)</b>	(7,338)
<b>Cash and cash equivalents at beginning of the period</b>	<b>44,409</b>	10,849
<b>Effect of foreign exchange rates change</b>	<b>391</b>	64
<b>Cash and cash equivalents at end of the period</b>	<b>17,739</b>	3,575
<b>Analysis of the balances of cash and cash equivalents</b>		
Cash at banks and in hand	<b>17,739</b>	3,575



## NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

### 1. GENERAL INFORMATION AND BASIS OF PRESENTATION

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 GEM of the Stock Exchange on 20 August 2014.

The principal activity of the Company is investment holding. The principal activities of the Company and its subsidiaries are the provision of security guarding services, and the provision of business advisory and management services.

The Group’s unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules and Hong Kong Accounting Standard 34 (HKAS 34) Interim Financial Reporting.

The accounting policies adopted in the preparation of the unaudited condensed consolidated financial statements are consistent with those used in the preparation of the Group’s annual consolidated financial statements for the year ended 31 March 2019, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which also include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the HKICPA for the first time for the current period’s unaudited condensed consolidated financial statements of the Group. Except for HKFRS 16 “Lease”, the adoption of the new and revised HKFRSs has had no significant effect on these unaudited condensed consolidated financial statements for the six months ended 30 September 2019. The Group transitioned to HKFRS 16 in accordance with the modified retrospective approach and therefore comparative figures were not restated. Upon application of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as “operating leases” under the principles of HKAS 17 “Leases”. These lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 April 2019. The associated right-of-use assets were measured at the amount equal to the respective lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised as at 31 March 2019.

### 2. 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) “Business Advisory and Management” segment involves provision of business advisory and management services;
- (c) “Mobile Game” segment involves provision of mobile game business; and
- (d) “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 a loan to an associate, finance costs, share of results of associates, corporate income, corporate expense and income tax expense are excluded from segment results.

No asymmetrical allocations have been applied to reportable segments.

## 2. SEGMENT INFORMATION – Continued

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

	Security Guarding		Business Advisory and Management		Mobile Game		e-Education		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Revenue from external customers	5,026	23,859	1,485	-	-	-	-	-	6,511	23,859
<b>Total segment loss from operations</b>	<b>(5,251)</b>	<b>(12,425)</b>	<b>(17,304)</b>	-	<b>(1)</b>	<b>(2,386)</b>	<b>(73)</b>	<b>(684)</b>	<b>(22,629)</b>	<b>(15,495)</b>
Interest income from a loan to an associate									-	129
Finance costs									<b>(1,281)</b>	<b>(1,066)</b>
Unallocated corporate income									-	21
Unallocated corporate expenses									<b>(3,735)</b>	<b>(6,814)</b>
Loss before income tax									<b>(27,645)</b>	<b>(23,225)</b>
Income tax expense									-	-
<b>Loss for the period</b>									<b>(27,645)</b>	<b>(23,225)</b>

There were no inter-segment transfers during the six months ended 30 September 2019 and 2018.

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

	Security Guarding		Business Advisory and Management		Mobile Game		e-Education		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
<b>Other segment information</b>										
Depreciation of property, plant and equipments	645	1,109	-	-	-	1	-	55	645	1,165
Depreciation of right of use assets	115	-	1,047	-	-	-	-	-	1,162	-
Unallocated depreciation with head office and corporate assets									-	62
Total depreciation									<b>1,807</b>	<b>1,227</b>
Amortisation of other intangible assets	332	672	-	-	-	-	-	294	332	966
Capital expenditure	-	62	21	-	-	-	-	-	21	62
Unallocated capital expenditure associated with head office and corporate assets									-	-
Total capital expenditure*									<b>21</b>	<b>62</b>

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

## 2. 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, certain other receivables and certain cash and cash equivalents).

### As at 30 September 2019 (Unaudited)

	Security Guarding HK\$'000	Business Advisory and Management HK\$'000	Mobile Game HK\$'000	e-Education HK\$'000	Total HK\$'000
<b>Segment assets</b>	<b>24,378</b>	<b>20,275</b>	<b>115</b>	<b>459</b>	<b>45,227</b>
Tax recoverables					-
Corporate cash at banks and in hand					21
Other corporate assets					405
<b>Total assets</b>					<b>45,653</b>

All liabilities are allocated to operating segments other than unallocated liabilities (mainly comprising loan from a controlling shareholder, promissory note payable, contingent consideration payable, tax payables and deferred tax liabilities).

	Security Guarding HK\$'000	Business Advisory and Management HK\$'000	Mobile Game HK\$'000	e-Education HK\$'000	Total HK\$'000
<b>Segment liabilities</b>	<b>8,643</b>	<b>4,546</b>	<b>1,045</b>	<b>2,259</b>	<b>16,493</b>
Promissory note payable					21,350
Other corporate liabilities					1,472
<b>Total liabilities</b>					<b>39,315</b>

### As at 31 March 2019 (Audited)

	Security Guarding HK\$'000	Business Advisory and Management HK\$'000	Mobile Game HK\$'000	e-Education HK\$'000	Total HK\$'000
<b>Segment assets</b>	<b>16,645</b>	<b>283</b>	<b>123</b>	<b>515</b>	<b>17,566</b>
Tax recoverables					1,590
Corporate cash at banks and in hand					41,684
Other corporate assets					667
<b>Total assets</b>					<b>61,507</b>

All liabilities are allocated to operating segments other than unallocated liabilities (mainly comprising loan from a controlling shareholder, promissory note payable, contingent consideration payable, tax payables and deferred tax liabilities).

	Security Guarding HK\$'000	Business Advisory and Management HK\$'000	Mobile Game HK\$'000	e-Education HK\$'000	Total HK\$'000
<b>Segment liabilities</b>	<b>4,924</b>	<b>-</b>	<b>1,069</b>	<b>2,442</b>	<b>8,435</b>
Promissory note payable					20,150
Other corporate liabilities					7,463
<b>Total liabilities</b>					<b>36,048</b>

## 2. SEGMENT INFORMATION – Continued

### 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.

	Revenue from external customers		Specific non-current assets	
	Six months ended 30 September 2019 (Unaudited) HK\$'000	Six months ended 30 September 2018 (Unaudited) HK\$'000	As at 30 September 2019 (Unaudited) HK\$'000	As at 31 March 2019 (Audited) HK\$'000
Hong Kong (place of domicile)	5,026	23,859	10,101	10,618
The People's Republic of China (the "PRC")	1,485	–	1,053	1
	<b>6,511</b>	<b>23,859</b>	<b>11,154</b>	<b>10,619</b>

### Information about major customers

Revenue from four customers of the Group represents approximately HK\$4,384,000 of the Group's total revenue for the six months ended 30 September 2019 (six months ended 30 September 2018: one customer of approximately HK\$3,333,000).

## 3. REVENUE

Revenue represents the net invoiced value of service rendered from the provision of security guarding service and the service income from the provision of business advisory and management services during the period.

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.

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.

	Three months ended 30 September 2019 (Unaudited) HK\$'000		Six months ended 30 September 2019 (Unaudited) HK\$'000	
	2018 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Provision of security guarding services	2,343	10,090	5,026	23,859
Provision of business advisory and management services	598	–	1,485	–
	<b>2,941</b>	<b>10,090</b>	<b>6,511</b>	<b>23,859</b>

## 4. OTHER INCOME

	Three months ended 30 September 2019 (Unaudited) HK\$'000		Six months ended 30 September 2019 (Unaudited) HK\$'000	
	2018 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Bank interest income	17	–*	17	–*
Imputed interest income on amount due from a non-controlling equity holder of a subsidiary	3	27	6	54
Interest income from a loan to an associate	–	64	–	129
Interest income from amount due from a related party	–	27	–	27
Sundry income	67	417	259	758
	<b>87</b>	<b>535</b>	<b>282</b>	<b>968</b>

\* Represents amount less than HK\$1,000.

## 5. FINANCE COSTS

	Three months ended 30 September		Six months ended 30 September	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Interest charges on promissory note repayable	600	600	1,200	1,061
Interest on lease liabilities	30	–	81	–
Interest charges on shareholder's loan	–	5	–	5
	<b>630</b>	<b>605</b>	<b>1,281</b>	<b>1,066</b>

## 6. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

	Three months ended 30 September		Six months ended 30 September	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Amortisation of intangible asset <sup>1</sup>	124	478	332	966
Cost of services rendered	2,443	9,771	5,675	25,125
Depreciation of property, plant and equipment <sup>1</sup>	287	575	645	1,227
Depreciation of right-of-use assets <sup>1</sup>	90	–	1,162	–
Employee benefits expenses (including directors' emoluments):				
Salaries, allowances and benefits in kind included in:				
– Cost of services rendered	2,322	8,965	5,341	22,512
– Administrative expenses	4,624	3,461	11,612	7,401
Retirement benefits – Defined contribution plans <sup>2</sup> included in:				
– Cost of services rendered	65	386	194	923
– Administrative expenses	1,147	44	1,818	108
Equity-settled share-based payment expenses <sup>1</sup>				
– Administrative expenses	2,659	–	3,616	–
	<b>10,817</b>	<b>12,856</b>	<b>22,581</b>	<b>30,944</b>
Legal and professional fees <sup>1</sup>	1,145	1,968	1,459	3,857
Operating lease charges in respect of:				
– Rented premises	2,453	513	2,684	974
– Office equipment	–	12	–	30
	<b>2,453</b>	<b>525</b>	<b>2,684</b>	<b>1,004</b>

<sup>1</sup> included in "administrative expenses" in the consolidated statement of profit or loss and other comprehensive income

<sup>2</sup> no forfeited contributions available for offset against existing contributions during the period

## 7. INCOME TAX EXPENSE

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.

No provision for Hong Kong Profits Tax has been made in the financial statements as the Group has no estimated assessable profit for both periods.

No provision for the PRC Enterprise Income Tax has been made as the subsidiaries incorporated in the People's Republic of China (the "PRC") have estimated tax losses for both periods.

## 8. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

Loss	Three months ended 30 September 2019 (Unaudited) HK\$'000		Six months ended 30 September 2019 (Unaudited) HK\$'000	
		2018 (Unaudited) HK\$'000		2018 (Unaudited) HK\$'000
Loss attributable to owners of the Company	<b>(13,541)</b>	(11,208)	<b>(25,419)</b>	(22,980)

  

Number of shares	Three months ended 30 September 2019 '000		Six months ended 30 September 2019 '000	
		2018 '000		2018 '000
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	<b>1,243,663</b>	819,687	<b>1,243,663</b>	806,444

The assumed exercise of the outstanding share options for the six months ended 30 September 2019 has anti-dilutive effect and has therefore been excluded from the above calculation.

## 9. DIVIDENDS

The Board did not recommend a payment of interim dividend for the six months ended 30 September 2019 (six months ended 30 September 2018: nil).

## 10. PROPERTY, PLANT AND EQUIPMENT

For the six months ended 30 September 2019, apart from addition of items of property, plant and equipment with aggregate cost of approximately 21,000 (six months ended 30 September 2018: HK\$62,000) and no disposal of items of property, plant and equipment (six months ended 30 September 2018: HK\$567,000), the Group did not have any material acquisition and disposal of property, plant and equipment.

## 11. INTANGIBLE ASSETS

For the six months ended 30 September 2019, the Group did not have any material acquisitions, written-off and disposal of intangible assets (six months ended 30 September 2018: nil).

## 12. INTERESTS IN ASSOCIATES

	At 30 September 2019 (Unaudited) HK\$'000	At 31 March 2019 (Audited) HK\$'000
Share of net assets	–	–
Goodwill	18,150	18,150
	18,150	18,150
Impairment loss	(18,150)	(18,150)
	–	–

Particulars of associates as at 30 September 2019 and 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 <sup>#</sup>	PRC	–	45%	Investment holding
Shenzhen Timing Advertisement Co., Limited <sup>#</sup>	PRC	–	45%	Investment holding
Shenzhen Magn Classic Technology Co., Limited <sup>#</sup>	PRC	–	45%	Investment holding
Shenzhen Magn Cultural Media Co., Limited <sup>#</sup>	PRC	–	45%	Game publishing business
Shenzhen Magn Interactive Entertainment Cultural Media Co., Limited <sup>#</sup>	PRC	–	45%	Dormant
Shenzhen Magn Firms Co., Limited <sup>#</sup>	PRC	–	45%	Dormant
Shenzhen Weiyohui Information Technology Co., Limited <sup>#</sup>	PRC	–	45%	Investment holding

<sup>#</sup> English name for identification purpose only

### 13. TRADE RECEIVABLES

	<b>As at 30 September 2019 (Unaudited) HK\$'000</b>	As at 31 March 2019 (Audited) HK\$'000
Trade receivables	<b>3,947</b>	2,629

Trade receivables generally have credit terms of 7 to 30 days (as at 31 March 2019: 7 to 30 days). The Directors consider that the fair values of trade receivables which are expected to be recovered within one year are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

At each reporting date, the Group reviews trade receivables for evidence of impairment on both individual and collective basis.

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

	<b>As at 30 September 2019 (Unaudited) HK\$'000</b>	As at 31 March 2019 (Audited) HK\$'000
Not more than 30 days	<b>2,109</b>	1,211
30-90 days	<b>1,095</b>	1,231
Over 90 days	<b>743</b>	187
	<b>3,947</b>	2,629

At each reporting date, the Group reviews receivables for evidence of impairment on both individual and collective basis. None of the trade receivables as at 30 September 2019 (31 March 2019: none) has been identified by the Group as having an impairment issue.

### 14. TRADE PAYABLES

The ageing analysis of the Group's trade payables based on invoice dates, as at the end of each reporting period is as follows:

	<b>As at 30 September 2019 (Unaudited) HK\$'000</b>	As at 31 March 2019 (Audited) HK\$'000
Not more than 30 days	-	-
30-90 days	-	-
Over 90 days	<b>694</b>	693
	<b>694</b>	693



## 15. 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.

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.

During the period, imputed interest expense of HK\$1,200,000 (2018: HK\$1,061,000) was charged to the profit or loss.

## 16. SHARE CAPITAL

	Number of shares	Amount HK\$'000
<b>Authorised:</b>		
<i>Ordinary shares of HK\$0.01 (31 March 2019: HK\$0.01) each</i>		
<b>At 1 April 2019 and 30 September 2019</b>	<b>2,000,000,000</b>	<b>20,000</b>
<b>Issued:</b>		
<i>Ordinary shares of HK\$0.01 (31 March 2019: HK\$0.01) each</i>		
<b>At 1 April 2019 and 30 September 2019</b>	<b>1,243,662,655</b>	<b>12,437</b>

## 17. RELATED PARTY TRANSACTIONS AND BALANCES

- (a) 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 period:

Notes	Six months ended 30 September	
	2019 HK\$'000	2018 HK\$'000
Operating lease and related charges paid to a former director, Ms. Liu Lai Ying	165	330
Interest income from an associate, Magn Investment	-	129
Interest income from a director of a subsidiary	-	22
Interest expense to a former director of the Company/a director of subsidiaries, Mr. Fu Yik Lung	1,200	1,061
Consideration paid to a controlling shareholder	1,092	-

Note:

- (a) The transactions above were carried out on the terms agreed between the relevant parties.
- (b) The consideration paid above represented the acquisition of 99% shares of 廣州匯裕商務有限公司 together with its subsidiaries.

## 17. RELATED PARTY TRANSACTIONS AND BALANCES – Continued

### (b) Compensation of key management personnel

	Six months ended 30 September 2019		2018
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Total remuneration of directors during the periods were as follows:			
Short-term employee benefits	861		855
Post employment benefits	-		-
	<b>861</b>		<b>855</b>

### (c) Balance with related parties

	Notes	As at 30 September 2019 (Unaudited) HK\$'000	As at 31 March 2019 (Audited) HK\$'000
<b>Receivable from/(payable to)</b>			
Ms. Liu Lai Ying, spouse of a director of a subsidiary	(a)	-	100
Magn Investment, an associate	(b)	(350)	(373)
Mr. Fu Yik Lung, a director of a subsidiary	(c)	(21,350)	(21,350)
Greatwalle Holding Limited, immediate holding company	(d)	-	(1,019)
Bohou Investment Limited, a related company	(e)	-	(1,714)
Shenzhen Great Walle Capital Management Co., Ltd., a related company	(f)	(798)	(86)
Guangzhou Huaqing Business Advisory Co., Ltd.*, a related company	(g)	(340)	-
Shenzhen Great Walle Investment Corp., Ltd.*, intermediate holding company	(h)	(11)	-

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

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

(c) Balance with Mr. Fu Yik Lung, a director of a subsidiary, represented promissory note payable and its accrued interests of HK\$21,350,000 (31 March 2019: HK\$20,150,000) in total and the amount due to a related party of nil (31 March 2019: 1,200,000).

(d) Balance with Greatwalle Holding Limited, immediate holding company, represented the loan from immediate holding company and its accrued interests of nil (31 March 2019: HK\$1,019,000).

(e) Balance with Bohou Investment Limited, a company controlled by the common shareholder, represented the loan from a related company and its accrued interests of nil (31 March 2019: HK\$1,714,000).

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

(g) Balance with Guangzhou Huaqing Business Advisory Co., Ltd.\*, a company controlled by the common shareholder, represented the amount due to a related party.

(h) Balance with Shenzhen Great Walle Investment Corp., Ltd.\*, intermediate holding company, represented the amount due to intermediate holding company.

## 18. CONTINGENCIES LIABILITIES

As at 30 September 2019, the Group has a total of three cases (31 March 2019: 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.

## 19. SUBSEQUENT EVENTS

Saved as disclosed in this report, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 30 September 2019 and up to the date of this report.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

For the six months ended 30 September 2019, the Group engaged in (i) the provision of manned security guarding services (the “**Manned Security Guarding Services**”); and (ii) the provision of business advisory and management services (the “**Business Advisory and Management Services**”).

#### **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 six months ended 30 September 2019, the Group had 19 customers, including property management companies, schools, property redevelopers and construction companies.

Since Greatwalle Holding Limited became the controlling shareholder (as defined under the GEM Listing Rules) of the Company, the Group has established another operating platform in the PRC, Shenzhen Guanhui Jiye Property Management Limited (“**Guanhui Jiye**”), a wholly-owned subsidiary of the Company, as the operating unit to carry out the relevant business in the PRC. Guanhui Jiye has conducted discussions with a number of property development companies and property management companies in the PRC to explore cooperation opportunities. Benefitting from the quality security guarding services system developed by and the extensive security guarding services management experience from the Group in Hong Kong, Guanhui Jiye is in preparation of the talents needed and developing the management system for the establishment of the business. It is expected that the mature management system and managing experience of Hong Kong will be introduced to the integrated security guarding service in the PRC, which will contribute to the sustained development of both the Hong Kong and the PRC markets.

#### **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 people who worked in M&A fund management business in the PRC during its earliest stages. 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. Resource advantage and core capability in M&A fund management help foster the growth of the business advisory businesses and management services of the Group, and are 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.

\* For identification purposes only

Shenzhen Jiuli Investment Advisory Co., Ltd.\* (“**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 manager 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.

## **SIGNIFICANT EVENTS DURING THE SIX MONTHS ENDED 30 SEPTEMBER 2019**

### **Grant of Share Options**

On 18 April 2019, the Company granted 25,353,163 share options to individuals under the share option scheme adopted by the Company on 31 July 2014 (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 at an exercise price of HK\$0.0904 per share of the Company (the “**Share**”). For details, please refer to the announcement of the Company dated 18 April 2019.

On 5 September 2019, the Company granted 73,588,691 share options to individuals under the Share Option Scheme. The share options shall entitle the grantees to subscribe for a total of 73,588,691 new shares of HK\$0.01 each in the share capital of the Company at an exercise price of HK\$0.147 per Share. For details, please refer to the announcement of the Company dated 5 September 2019.

### **Business Development Update**

- (i) The Group has established 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 (Huilil Asset 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.
- (ii) On 26 September 2019, Guanhui Jiye and Mr. Xie Qingsen entered into a share transfer agreement, pursuant to which Guanhui Jiye has agreed to acquire and Mr. Xie Qingsen has agreed to sell 51% equity interest in Shandong Seven Commandos Security Escort Co., Limited in accordance with terms and conditions of the share transfer agreement for a cash consideration of up to RMB5,100,000, which comprises (1) RMB1,500,000 payable upon the fulfillment or waiver (as applicable) of all the conditions precedent under the share transfer agreement and (2) the remaining amount of the consideration of RMB3,600,000 payable following three years from the date of completion of transfer of 51% equity interest in Shandong Seven Commandos Security Escort Co., Limited as agreed under the share transfer agreement, after Mr. Xie Qingsen fulfilled the result guarantee as agreed in the share transfer agreement. All of the conditions precedent as set out in the share transfer agreement have been fulfilled and registration of share transfer to the relevant administration authorities has been completed on 12 October 2019. The name of Shandong Seven Commandos has been changed to 山東中軍衛士安保集團有限公司. For details, please refer to the announcements of the Company dated 4 September 2019, 26 September 2019 and 21 October 2019.

\* For identification purposes only

## 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 (the “**Share Disposal**”), representing approximately 18.00% of the total number of issued Shares, 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 a wholly-owned subsidiary established in Hong Kong of Jusfour Big Data Information Group Co., Ltd (“**Jusfour Big Data**”). The controlling shareholder of Jusfour Big Data is Mr. Wang Sanshou. Jusfour 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.

Jusfour 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 Jusfour 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 has agreed to 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, representing approximately 37.62% of the total number of issued Shares, and will remain as the controlling shareholder of the Company, and the Purchaser is expected to hold approximately 18.00% of the total number of issued Shares.

As announced in the update announcement of the Company dated 1 August 2019, the parties to the Share Transfer Agreement agreed to extend the payment settlement period to no later than 31 December 2019 while all other terms remain unchanged.

## Updates on the Legal Proceedings

The Company was recently informed that 中山北斗教育科技有限公司 (Zhongshan Beidou Education Technology Limited) (“**Bei Dou Zhongshan**”) has received a notice from the Zhongshan First People’s Court, pursuant to which Lin Kelian has applied to the Zhongshan First People’s Court for the addition of Bei Dou Internet Education Technology (Shenzhen) Limited (“**Bei Dou Shenzhen**”), the largest shareholder of Bei Dou Zhongshan and another subsidiary of the Company, as a defendant in the civil lawsuit by reason of requesting to verify whether Bei Dou Shenzhen has made capital contribution to Bei Dou Zhongshan, and has applied for the dissolution of Bei Dou Zhongshan by reason of its operational difficulties.

According to the verification report regarding Bei Dou Zhongshan dated 18 July 2016, Bei Dou Shenzhen has made the actual payment for the entire amount of the capital contribution payable by it. The Group is currently seeking legal advice regarding the legal proceedings to look for an appropriate corresponding action that adheres to the principle of protecting the Group’s legal right and interest, so as to continue requesting in the civil lawsuit for the fulfilment of the capital contribution obligation by Lin Kelian to Bei Dou Zhongshan and to deal with his request regarding the application for dissolution of Bei Dou Zhongshan.

Saved as disclosed in this report, the Directors are not aware of any significant event requiring disclosure that has taken place during the six months ended 30 September 2019.

\* For identification purposes only

## 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. For further details, please refer to the announcement of the Company dated 26 July 2019.

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 Huiji Asset Management (Zhuohai) 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.

## FINANCIAL REVIEW

### Revenue

For the six months ended 30 September 2019, the Group's revenue was generated from the provision of Manned Security Guarding Services in Hong Kong and provision of business advisory and management services (2018: Provision of Manned Security Guarding Services). The following table sets forth the breakdown of the Group's revenue by types of contracts for the six months ended 30 September 2018 and 2019:

	Six months ended 30 September			
	2019		2018	
	HK\$'000	Percentage	HK\$'000	Percentage
Manned Security Guarding Services				
– Fixed	2,890	44.4%	17,743	74.4%
– Temporary	–	–	166	0.7%
– Event	2,136	32.8%	5,950	24.9%
	5,026		23,859	
Provision of Business Advisory and Management Services	1,485	22.8%	–	–
Total	6,511	100%	23,859	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.

\* For identification purposes only

The Group's overall revenue decreased by approximately HK\$17,348,000 or 72.7% from approximately HK\$23,859,000 for the six months ended 30 September 2018 to approximately HK\$6,511,000 for the six months ended 30 September 2019. The decrease in revenue was mainly due to (i) the number of fixed, temporary and event manned security guarding services engagements decreased from 114, 3 and 7, respectively during the six-month period ended 30 September 2018 to 18, 0, and 2, respectively during the six-month period ended 30 September 2019; and (ii) the average service fee for the event manned security guarding services engagements decreased significantly from approximately HK\$349,000 to approximately HK\$93,000, representing a year-on-year decrease of approximately 73.4%. The decrease in revenue from the event manned security guarding services engagements was partially offset by the increase in revenue from the secondment of staff in the event manned security guarding services engagements. The decrease in revenue of the Group's manned security guarding services was partially offset by the recognition of the service fee income of the provision of business advisory and management services of approximately HK\$1,485,000.

### **Cost of services rendered**

For the six months ended 30 September 2018 and 2019, the cost of services rendered, which mainly consists of direct guard cost, was approximately HK\$25,125,000 and HK\$5,675,000, representing approximately 105.3% and 87.2% of the Group's revenue, respectively. Such decrease of the cost of service in the percentage of revenue was primarily attributable to better cost control by implementation of the better staff allocation and planning during the period.

As at 30 September 2019, the Group had a total of 341 employees, of which 271 were full-time and part-time guards providing manned security guarding and related services.

### **Gross profit/(loss)**

The Group's gross profit for the six months ended 30 September 2019 was approximately HK\$836,000, as compared with the gross loss of approximately HK\$1,266,000 for the six months ended 30 September 2018. The turn around performance was mainly due to the decrease in cost of services rendered as a result of the better cost control by implementation of the better staff allocation and planning during six months ended 30 September 2019 and the revenue derived from the provision of business advisory and management services, but which was partially offset by the decrease in revenue of manned security guarding services as mentioned above.

### **Administrative expenses**

The Group's administrative expenses increased by approximately HK\$5,621,000 or 25.7% from approximately HK\$21,861,000 for the six months ended 30 September 2018 to approximately HK\$27,482,000 for the six months ended 30 September 2019. The increase in the Group's administrative expenses was mainly due to (i) the increase in staff cost as a result of the development of the Group's business advisory and management services; (ii) the recognition of the share option expenses; and (iii) which was partially offset by the decrease in legal and professional fees as an absence of the recognition of the legal and professional fees in relation to the mandatory conditional cash offers, which was closed in July 2018.

### **Finance costs**

The Group's finance costs increased by approximately HK\$215,000 or 20.2% from HK\$1,066,000 for the six months ended 30 September 2018 to HK\$1,281,000 for the six months ended 30 September 2019. The increase in the finance costs was mainly due to the increase in the accrued interest on the promissory note and the recognition of interest on lease liabilities for the six months ended 30 September 2019.

### **Loss for the period**

Loss attributable to owners of the Company for the six months ended 30 September 2019 increased by approximately HK\$2,439,000 from approximately HK\$22,980,000 for the six months ended 30 September 2018 to approximately HK\$25,419,000 for the six months ended 30 September 2019. The increase in the Group's loss for the period was mainly due to the reasons and factors as mentioned above.

## **LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES**

### **Share Capital**

#### **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 30 September 2019, the share capital and total equity attributable to owners of the Company amounted to approximately HK\$12,437,000 and HK\$5,916,000, respectively (as at 31 March 2019: approximately HK\$12,437,000 and HK\$27,339,000, respectively). As at 30 September 2019, the Group has a promissory note which is payable to a former director of the Company. Please refer to note 15 of the notes to unaudited condensed consolidated interim financial information, respectively.

#### **Cash position**

As at 30 September 2019, the cash at banks and in hand of the Group amounted to approximately HK\$17,739,000 (as at 31 March 2019: approximately HK\$44,409,000), representing a decrease of approximately HK\$26,670,000 as compared to 31 March 2019.

#### **Charges over assets of the Group**

As at 31 March 2019 and 30 September 2019, none of the Group's assets had been pledged.

#### **Gearing ratio**

As at 30 September 2019, the gearing ratio of the Group was 336.9% (as at 31 March 2019: 94.6%). 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 which is payable to a former director of the Company and loan from a controlling shareholder. As at 30 September 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\$21,000 for the six months ended 30 September 2019, which mainly comprise furniture and equipment (for the six months ended 30 September 2018: approximately HK\$62,000).

#### **Capital commitments**

As at 30 September 2019, the Group had no capital commitments (as at 31 March 2019: Nil).



## Foreign exchange risk

The Group's business operations are primarily conducted in Hong Kong. The transactions, monetary assets and liabilities of the Group are mainly denominated in Hong Kong dollar. During the six months ended 30 September 2019, there was no material impact on 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 six months ended 30 September 2019.

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

During the six months ended 30 September 2019, save as disclosed in this report, 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.

## Rights

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 in relation to the Right Issue dated 7 March 2019. As at 31 March 2019, the Company has not utilized any of the proceeds of the Rights Issue and such funds are held as deposits with a licensed bank. During the six months ended 30 September 2019, the actual use of the net proceeds of the Rights Issue is as follows:

Date of announcements and prospectus	Description	Net proceeds raised		Intended use of net proceeds	Actual use of net proceeds as at 30 September 2019
20 February 2019, 7 March 2019 and 28 March 2019	Rights issue on the basis of one rights share for every two shares of the subscription price of HK\$0.10 per rights share	Approximately HK\$40.6 million	(i)	approximately 40% of the net proceeds for the development of the provision of business advisory and management services	Fully used as intended
			(ii)	approximately 25% of the net proceeds for strengthening the ongoing operations for the Group's security guarding business and to ensure the quality of the Group's security guarding services	approximately 11% was used as intended
			(iii)	approximately 35% of the net proceeds for the Group's general working capital	approximately 23% was used as intended

As at 30 September 2019, the Group plans to use the remaining net proceeds of approximately HK\$5,505,000 for strengthening the ongoing operations for the Group's security guarding business and to ensure the quality of the Group's security guarding services and approximately HK\$4,876,000 for the Group's general working capital. The remaining unutilized net proceeds is estimated to be fully utilized in the next 12 months.

## **Employees and remuneration policy**

The Group had 637 employees as at 30 September 2019 (as at 31 March 2019: 380 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.

## **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.

The provision of business advisory and management services is a newly commenced business that leverages on the vast experience of the management and the business team of the Company on fund operation and corporate management. It enables the Company to achieve business diversification through the provision of advisory and consultation services on investment and finance areas to domestic enterprises. To date, the Company has completed the formation of a team for this business area, commenced the provision of advisory services on merger and acquisition to domestic enterprises in which the related business is developing in an orderly manner, and at the same time commenced the provision of advisory services for series private equity funds.

The provision of business advisory and management services requires a higher degree of professionalisation within the Company's business team and requires the team to possess sufficient capability in areas of investment and finance strategies, regulatory policies and making judgment based on economic trends. As such, the Company has established a continuing comprehensive employee training system, which includes a focused learning and discussion section every week through a teleconferencing system for all staff across the country, analysing and learning about the latest financial business model and policy changes, a live seminar every two weeks in Shanghai and Shenzhen that is organised by the management of the Company to engage in thorough interpretation of a selected financial-related subject matter, and developing an after-work learning proposal for staff to guide them in actively self-learn and strengthen their knowledge outside of working hours.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### 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 30 September 2019, the Directors and chief executive of the Company (the "Chief Executive") and/or any of their respective associates had the following interests and short positions in the shares, underlying shares and debentures of the Company and/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") as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the GEM Listing Rules were as follows:

#### Long position and short position in the shares and underlying shares of the Company

Name of Directors	Capacity/Nature of interests	Number of ordinary shares held/interested	Number of underlying shares held/interested pursuant to share options	Approximate percentage of the total number of issued shares of the Company
Song Xiaoming ("Mr. Song")	Interest in a controlled corporation	691,743,922(L) <sup>(Note 1)</sup>	–	55.62%
		223,859,278(S) <sup>(Note 1)</sup>	–	18.00%
Pang Xiaoli ("Mr. Pang")	Beneficial owner	12,709,765(L)	–	1.02%
		–	4,227,632(L) <sup>(Note 2)</sup>	0.34%
Hon Hoi Chuen	Beneficial owner	–	12,436,626(L) <sup>(Note 2)</sup>	1.00%
Lin Shuxian	Beneficial owner	–	12,436,626(L) <sup>(Note 2)</sup>	1.00%
Guan Yan	Beneficial owner	–	1,000,000(L) <sup>(Note 2)</sup>	0.08%
Zhao Jinsong	Beneficial owner	–	1,000,000(L) <sup>(Note 2)</sup>	0.08%
Li Zhongfei	Beneficial owner	–	1,000,000(L) <sup>(Note 2)</sup>	0.08%

(L) represents a long position in the Shares and (S) represents a short position in the Shares

Notes:

1. According to information available to the Company, Greatwalle Holding Limited is wholly-owned by 廣州南沙區匯銘投資實業有限公司 ("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. Huili Jiu Hao Investment is held as to 99.80% by 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, Mr. Song is deemed to be interested in the above companies under the interests in Shares and the underlying Shares of the Company of the SFO.
2. These long positions represent the share options granted by the Company under the Share Option Scheme. For details, please refer to the section headed "Share Option Scheme" below.

## Long position in the interest in the associated corporations

Name	Name of the associated corporation	Capacity/nature	Number of shares, underlying shares held/interested	Approximate percentage of total number of issued shares of the associated corporations
Song Xiaoming	Greatwalle Holding Limited	Interest in a controlled corporation	1,000,000	100.0000%
	廣州南沙區匯銘投資業務有限公司 (Guangzhou Nansha Huiming Investment Business Company Limited*)	Beneficial owner	1,000	0.0005%
		Interest in a controlled corporation	199,999,000	99.9995%
	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 in a controlled corporation	4,990,000	99.8000%
	深圳長城匯理投資股份有限公司 (Shenzhen Great Walle Investment Corp., Ltd.*)	Beneficial owner	3,941,808	70.9357%
Pang Xiaoli		Interest in a controlled corporation	1,222,486	21.9995%
	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 <sup>(Note 1)</sup>	0.2000%
	深圳長城匯理投資股份有限公司 (Shenzhen Great Walle Investment Corp., Ltd.*)	Beneficial owner	67,710	1.2185%
		Interest in a controlled corporation	27,509 <sup>(Note 2)</sup>	0.4950%

### Notes:

- The associated corporation is a limited partnership with no share description or shares. The total number of shares represented the amount of capital contributed.
- These shares are beneficially owned by 深圳明銳科技有限公司 (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.
- According to information available to the Company, Greatwalle Holding Limited is wholly-owned by Nansha Huiming. Nansha Huiming is held as to approximately 99.9995% by Huili Jiu Hao Investment, and as to 0.0005% by Mr. Song. Huili Jiu Hao Investment is held as to 99.80% by 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, Mr. Song is deemed to be interested in the above companies under the SFO.

\* For identification purposes only

Save as disclosed above, as at 30 September 2019, none of the Directors or the Chief Executive 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.

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

As at 30 September 2019, substantial shareholders (not being a Director or the Chief Executive) who had interests or short positions in the shares or underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

### **Long positions and short positions in the shares and underlying shares of the Company**

<b>Name of substantial shareholders</b>	<b>Capacity/Nature of interests</b>	<b>Number of shares held/interested</b>	<b>Approximate percentage of the total number of issued shares of the Company</b>
Greatwalle Holding Limited	Beneficial owner	691,743,922(L) 223,859,278(S)	55.62% 18.00%
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 1)	691,743,922(L) 223,859,278(S)	55.62% 18.00%
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 1)	691,743,922(L) 223,859,278(S)	55.62% 18.00%
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 1)	691,743,922(L) 223,859,278(S)	55.62% 18.00%
B&R big data Industry Development Co., Limited	Beneficial owner	223,859,278(L)	18.00%
北京九連環信息服務有限公司	Interest of corporation controlled by the substantial shareholder (Note 2)	223,859,278(L)	18.00%
九次方大數據信息集團有限公司	Interest of corporation controlled by the substantial shareholder (Note 2)	223,859,278(L)	18.00%

(L) represents a long position in the Shares and (S) represents a short position in the Shares

\* For identification purposes only

*Notes:*

1. According to information available to the Company, 691,743,922 Shares (long position) and 223,859,278 Shares (short position) are held by Greatwalle Holding Limited in the capacity of beneficial owner. Greatwalle Holding Limited is wholly-owned by Nansha Huiming. Nansha Huiming is held as to approximately 99.9995% by Huiji Jiu Hao Investment, and as to 0.0005% by Mr. Song. Huiji Jiu Hao Investment is held as to 99.80% by Great Walle Investment. As such, each of Nansha Huiming, Huiji Jiu Hao Investment and Great Walle Investment is deemed to be interested in 691,743,922 Shares (long position) and 223,859,278 Shares (short position) held by Greatwalle Holding Limited under the SFO.
2. According to information available to the Company, 223,859,278 shares are held by B&R big data Industry Development Co., Limited in the capacity of beneficial owner. B&R big data Industry Development Co., Limited is wholly-owned by 北京九連環信息服務有限公司 which is wholly-owned by 九次方大數據信息集團有限公司. As such, each of them is deemed to be interested in 223,859,278 shares under the SFO.

Save as disclosed above, the Directors and Chief Executive are not aware that there is any party who, as at 30 September 2019, had an interest or short position in the shares or underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

## **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 its effective date. 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 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 latest 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 6 August 2019.

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 ten 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 30 September 2019, there were no outstanding share options to subscribe for shares of the Company granted pursuant to the Share Option Scheme. The details of the Share Option Scheme and the movements of the share options under the Share Option Scheme for the six months ended 30 September 2019 are set out as follows:

Name or category of grantees	Exercise Price (HK\$)	Date of grant	Exercisable Period (Note 1)	Number of share options					
				Balance as at 1 April 2019	Granted during the six months ended 30 September 2019	Exercised during the six months ended 30 September 2019	Lapsed during the six months ended 30 September 2019	Cancelled during the six months ended 30 September 2019	Balance as at 30 September 2019
<b>Directors</b>									
Ms. Pang Xiaoli	0.0904 (Note 2)	18 April 2019	18 April 2019 to 17 April 2029	-	4,227,632	-	-	-	4,227,632
Mr. Hon Hoi Chuen	0.2380	14 December 2018	14 December 2018 to 13 December 2028	9,156,186	-	-	-	-	9,156,186
Ms. Lin Shuxian	0.0904 (Note 2)	18 April 2019	18 April 2019 to 17 April 2029	-	3,280,440	-	-	-	3,280,440
	0.2380	14 December 2018	14 December 2018 to 13 December 2028	9,156,186	-	-	-	-	9,156,186
Ms. Guan Yan	0.0904 (Note 2)	18 April 2019	18 April 2019 to 17 April 2029	-	3,280,440	-	-	-	3,280,440
	0.2380	14 December 2018	14 December 2018 to 13 December 2028	915,618	-	-	-	-	915,618
Mr. Zhao Jinsong	0.0904 (Note 2)	18 April 2019	18 April 2019 to 17 April 2029	-	84,382	-	-	-	84,382
	0.2380	14 December 2018	14 December 2018 to 13 December 2028	915,618	-	-	-	-	915,618
Mr. Li Zhongfei	0.0904 (Note 2)	18 April 2019	18 April 2019 to 17 April 2029	-	84,382	-	-	-	84,382
	0.2380	14 December 2018	14 December 2018 to 13 December 2028	915,618	-	-	-	-	915,618
	0.0904 (Note 2)	18 April 2019	18 April 2019 to 17 April 2029	-	84,382	-	-	-	84,382
<b>Former Director</b>									
Mr. Li Mingming	0.2380	14 December 2018	14 December 2018 to 13 December 2028	9,156,186	-	-	-	-	9,156,186
<b>Employees of the Group</b>									
In aggregate	0.2380	14 December 2018	14 December 2018 to 13 December 2028	9,156,186	-	-	-	-	9,156,186
	0.0904 (Note 2)	18 April 2019	18 April 2019 to 17 April 2029	-	14,311,505	-	-	-	14,311,505
	0.1470 (Note 3)	5 September 2019	5 September 2019 to 4 September 2021	-	73,588,691	-	-	-	73,588,691
<b>Other Participant</b>									
	0.2380	14 December 2018	14 December 2018 to 13 December 2028	9,156,186	-	-	-	9,156,186	-
<b>Total</b>				<b>48,527,784</b>	<b>98,941,854</b>	<b>-</b>	<b>-</b>	<b>9,156,186</b>	<b>138,313,452</b>

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 18 April 2019, the date on which those options were granted, was HK\$0.0900.
3. The closing price of the Company's shares immediately before 5 September 2019, the date on which those options were granted, was HK\$0.1360.

Save as disclosed above, no other share options were granted, exercised, cancelled or lapsed during the six months ended 30 September 2019.

As at the date of this report, there were 50,777,574 share options available for issue under the Share Option Scheme, representing approximately 4.08% of the total number of issued shares of the Company if all of the share options are exercised.

### 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\$3,616,000 for the six months ended 30 September 2019 in relation to 25,353,163 share options granted by the Company on 18 April 2019 of approximately HK\$957,000, 73,588,691 share options granted by the Company on 5 September 2019 of approximately HK\$3,488,000 and 9,156,186 share options cancelled by the option holder of the Company which was granted on 14 December 2018 of approximately HK\$829,000.

The fair value of share options granted on 18 April 2019 was HK\$957,000, which was calculated using the binomial option pricing model (the "Model") with the following inputs:

Date of Grant:	18 April 2019
Closing price of the Shares on the date of grant:	HK\$0.09
Exercise price:	HK\$0.0904
Expected volatility (Note 1):	106%
Expected life of option:	10 years
Expected dividend yield (Note 2):	0%
Risk free rate (Note 3):	1.71%

The fair value of share options granted on 5 September 2019 was HK\$3,488,000, which was calculated using the Model with the following inputs:

Date of Grant:	5 September 2019
Closing price of the Shares on the date of grant:	HK\$0.147
Exercise price:	HK\$0.147
Expected volatility (Note 1):	97%
Expected life of option:	2 years
Expected dividend yield (Note 2):	0%
Risk free rate (Note 3):	1.52%

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, 18 April 2019 and 5 September 2019 for the share options granted by the Company on 18 April 2019 and 5 September 2019, respectively (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**

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2019.

## **INTERIM DIVIDEND**

The Board does not recommend the payment of interim dividend for the six months ended 30 September 2019 (six months ended 30 September 2018: Nil).

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted written guidelines regarding Directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "**Required Standard of Dealings**"). Having made specific enquiry to all the Directors and a former Director, Mr. Li Mingming, all of the Directors confirmed that they have complied with the Required Standard of Dealings and the said guidelines regarding directors' securities transactions during the six months ended 30 September 2019.

## **COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company has 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 six months ended 30 September 2019.

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**") until the appointment of Mr. Song as the chairman and the re-designation of Ms. Pang as the CEO on 6 August 2019. Before the re-designation of Ms. Pang as the CEO, the Company has appointed several staff at the subsidiary level for each business segment, who were responsible for the oversight of each business segment's operations.

## **AUDIT COMMITTEE**

Pursuant to Rule 5.28 of the GEM Listing Rules, the Company established an audit committee (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. As at the date of this report, the Audit Committee comprises Mr. Zhao Jinsong (chairman of the Audit Committee), Mr. Li Zhongfei and Ms. Guan Yan, all of whom are independent non-executive Directors.

The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group, this report and the interim results announcement of the Group for the six months ended 30 September 2019. The condensed consolidated financial results for the six months ended 30 September 2019 are unaudited, but have been reviewed by the Audit Committee. The Audit Committee is of the view that such results comply with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

## **PRE-EMPTIVE RIGHTS**

There is no provision for pre-emptive rights under the Company's articles of association, or the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders of the Company.

## **INTERESTS IN COMPETING BUSINESS**

During the six months ended 30 September 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**

Based on the information that is publicly available and within the knowledge of the Directors, the Company has maintained sufficient public float as at the latest practicable date prior to the issue of this report.

## **CHANGES OF DIRECTOR'S INFORMATION**

Following the appointment of Mr. Song as a Director and the chairman of the Board and the nomination committee, Ms. Pang ceased to be the chairlady of the Board and the nomination committee of the Company respectively but remains as an executive Director and has been re-designated as the CEO. After the re-designation, Ms. Pang is entitled to a monthly director's fee of HK\$50,000 and a discretionary bonus to be determined by the Board, which was determined with reference to the prevailing market conditions and her roles and responsibilities in the Group.

## **EVENTS AFTER THE PERIOD**

Saved as disclosed in this report, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 30 September 2019 and up to the date of this report.

By order of the Board  
**Greatwalle Inc.**  
**Song Xiaoming**  
*Chairman and Executive Director*

Hong Kong, 12 November 2019

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