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GREATWALLE INC.

長城匯理公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8315)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

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.

*This announcement, 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 announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

The board of Directors (the “**Board**”) announces the unaudited condensed consolidated results of the Group for the three months and six months ended 30 September 2018, together with the unaudited comparative figures for the corresponding period in 2017 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE MONTHS AND SIX MONTHS ENDED 30 SEPTEMBER 2018

		For three months ended 30 September		For the six months ended 30 September	
		2018	2017	2018	2017
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	3	10,090	29,884	23,859	61,537
Cost of services rendered		<u>(9,772)</u>	<u>(25,465)</u>	<u>(25,125)</u>	<u>(52,715)</u>
Gross (loss)/profit		318	4,419	(1,266)	8,822
Other income	4	535	624	968	850
Administrative expenses		(11,545)	(10,113)	(21,861)	(23,866)
Share of result of an associate		–	(920)	–	(2,267)
Finance costs	5	<u>(605)</u>	<u>(246)</u>	<u>(1,066)</u>	<u>(489)</u>
Loss before income tax	6	(11,297)	(6,236)	(23,225)	(16,950)
Income tax expense	7	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Loss for the period		(11,297)	(6,236)	(23,225)	(16,950)
Other comprehensive income that may be reclassified subsequently to profit or loss:					
Exchange difference on translation of financial statements of foreign operations		(187)	393	(592)	549
Share of exchange difference on translation of foreign associates		<u>–</u>	<u>(90)</u>	<u>–</u>	<u>(71)</u>
Other comprehensive income for the period		<u>(187)</u>	<u>303</u>	<u>(592)</u>	<u>478</u>
Total comprehensive income for the period		<u>(11,484)</u>	<u>(5,933)</u>	<u>(23,817)</u>	<u>(16,472)</u>

	For three months ended 30 September		For the six months ended 30 September	
	2018	2017	2018	2017
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss for the period attributable to:				
Owners of the Company	(11,208)	(5,782)	(22,980)	(16,055)
Non-controlling interests	<u>(89)</u>	<u>(454)</u>	<u>(245)</u>	<u>(895)</u>
	<u>(11,297)</u>	<u>(6,236)</u>	<u>(23,225)</u>	<u>(16,950)</u>
Total comprehensive income for the period attributable to:				
Owners of the Company	(11,345)	(5,626)	(23,448)	(15,778)
Non-controlling interests	<u>(139)</u>	<u>(307)</u>	<u>(369)</u>	<u>(694)</u>
	<u>(11,484)</u>	<u>(5,933)</u>	<u>(23,817)</u>	<u>(16,472)</u>
	<i>HK cents</i>	<i>HK cents</i> (Restated)	<i>HK cents</i>	<i>HK cents</i> (Restated)
Loss per share for loss attributable to owners of the Company				
– Basic and diluted	<u>(1.37)</u>	<u>(0.75)</u>	<u>(2.85)</u>	<u>(2.09)</u>

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2018

		As at 30 September 2018 (Unaudited) HK\$'000	As at 31 March 2018 (Audited) HK\$'000
	Notes		
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	10	11,118	12,676
Goodwill		5,255	5,255
Other intangible assets	11	18,924	20,302
Interests in associates	12	16,450	16,450
Investment in a life insurance policy		1,169	1,169
Amount due from a non-controlling equity holder of a subsidiary		2,119	2,269
		<u>55,035</u>	<u>58,121</u>
Current assets			
Trade receivables	13	5,305	12,600
Prepayments, deposits and other receivables		6,592	2,781
Amount due from an associate		126	5
Amount due from a director		234	236
Amount due from a related party		–	4,864
Loan to an associate		4,300	4,300
Tax recoverables		1,610	1,610
Cash at banks and in hand		3,575	10,849
		<u>21,742</u>	<u>37,245</u>
Current liabilities			
Trade payables	14	693	693
Accrued expenses and other payables		10,998	11,989
Amount due to an associate		214	416
Amount due to a director		–	161
Loan from a controlling shareholder	15	1,005	–
Promissory note payable	16	20,150	21,357
		<u>33,060</u>	<u>34,616</u>

		As at 30 September 2018 (Unaudited) <i>Notes</i> <i>HK\$'000</i>	As at 31 March 2018 (Audited) <i>HK\$'000</i>
Net current (liabilities)/assets		<u>(11,318)</u>	<u>2,629</u>
Net assets		<u>43,717</u>	<u>60,750</u>
EQUITY			
Equity attributable to owners of the Company			
Share capital	17	8,209	7,870
Reserves		<u>34,357</u>	<u>51,360</u>
		<u>42,566</u>	<u>59,230</u>
Non-controlling interests		<u>1,151</u>	<u>1,520</u>
Total equity		<u>43,717</u>	<u>60,750</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

	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 2017 (audited)	7,680	100,050	-	(5,270)	255	586	21,772	125,073	7,915	132,988
Loss for the period	-	-	-	-	-	-	(16,055)	(16,055)	(895)	(16,950)
Other comprehensive income:										
Exchange difference on translation of financial statements of foreign operations	-	-	-	-	348	-	-	348	201	549
Share of exchange difference on translation of foreign operations	-	-	-	-	(71)	-	-	(71)	-	(71)
Total comprehensive income for the period	-	-	-	-	277	-	(16,055)	(15,778)	(694)	(16,472)
Transactions with owners:										
Share-based payment expenses of options granted by the Company during the period	-	-	4,009	-	-	-	-	4,009	-	4,009
Issue of shares upon exercise of share options	58	1,514	(419)	-	-	-	-	1,153	-	1,153
Total transactions with owners	58	1,514	3,590	-	-	-	-	5,162	-	5,162
At 30 September 2017 (unaudited)	7,738	101,564	3,590	(5,270)	532	586	5,717	114,457	7,221	121,678
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
At 30 September 2018 (unaudited)	8,209	114,165	-	(5,270)	789	586	(75,913)	42,566	1,151	43,717

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

	Six months ended	
	30 September	
	2018	2017
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
.		
Net cash used in operating activities	(17,781)	(12,911)
Net cash generated from/(used in) investing activities	4,922	(3,583)
Net cash generated from financing activities	5,521	1,153
Net decrease in cash and cash equivalents	(7,338)	(15,341)
Cash and cash equivalents at beginning of the period	10,849	30,482
Effect of foreign exchange rates change	64	478
Cash and cash equivalents at end of the period	3,575	15,619
Analysis of the balances of cash and cash equivalents		
Cash at banks and in hand	3,575	15,619

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

King Force Group Holdings Limited (currently known as Greatwalle Inc.) was incorporated in the Cayman Islands on 2 January 2014 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The Company's registered office is located at Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands. The Company's principal place of business is located at Room 2008, 20/F., 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 mobile game business.

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 unaudited condensed consolidated financial statements have been prepared under the historical cost basis except that contingent consideration assets or liabilities arising from a business combination and derivative financial instruments are stated at its fair values. The Directors confirm that the principal accounting policies used in the preparation of these unaudited condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 March 2018 except in relation to the new and revised standards, amendments and interpretations (the "**new and revised HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") that are adopted for the first time for the current period's financial statements. The adoption of these new and revised HKFRSs has had no material impact on the unaudited condensed consolidated financial statements.

The Group has not early adopted any new HKFRSs that have been issued but are not yet effective.

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) "Mobile Game" segment involves provision of mobile game business; and
- (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 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.

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		Mobile Game		e-Education		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	<u>23,859</u>	<u>61,537</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,859</u>	<u>61,537</u>
Total segment loss from operations	<u>(12,425)</u>	<u>(2,886)</u>	<u>(2,386)</u>	<u>(1,762)</u>	<u>(684)</u>	<u>(2,235)</u>	<u>(15,495)</u>	<u>(6,883)</u>
Interest income from a loan to an associate							129	150
Share of results of associates							-	(2,267)
Finance costs							(1,066)	(489)
Unallocated corporate income							21	1
Unallocated corporate expenses							<u>(6,814)</u>	<u>(7,462)</u>
Loss before income tax							(23,225)	(16,950)
Income tax expense							<u>-</u>	<u>-</u>
Loss for the period							<u>(23,225)</u>	<u>(16,950)</u>

There were no inter-segment transfers during the six months ended 30 September 2018 and 2017.

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

	Security Guarding		Mobile Game		e-Education		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Other segment information								
Depreciation of property, plant and equipments	1,109	1,371	1	1	55	53	1,165	1,425
Unallocated depreciation with head office and corporate assets							62	125
Total depreciation							1,227	1,550
Amortisation of other intangible assets	672	534	-	-	294	1,636	966	2,170
Income tax expense	-	-	-	-	-	-	-	-
Capital expenditure	62	65	-	3,397	-	-	62	3,462
Unallocated capital expenditure associated with head office and corporate assets							-	-
Total capital expenditure*							62	3,462

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

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

As at 30 September 2018 (Unaudited)

	Security Guarding HK\$'000	Mobile Game HK\$'000	e-Education HK\$'000	Total HK\$'000
Segment assets	23,778	17,275	11,070	52,123
Interests in associates				16,450
Investment in a life insurance policy				1,169
Loan to an associate				4,300
Amount due from an associate				126
Tax recoverables				1,610
Other corporate assets				999
Total assets				76,777

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	Mobile Game HK\$'000	e-Education HK\$'000	Total HK\$'000
Segment liabilities	5,867	1,215	2,179	9,261
Loan from a controlling shareholder				1,005
Promissory note payable				20,150
Other corporate liabilities				2,644
Total liabilities				33,060

As at 31 March 2018 (Audited)

	Security Guarding <i>HK\$'000</i>	Mobile Game <i>HK\$'000</i>	e-Education <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	38,775	20,184	12,194	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				1,610
Other corporate assets				679
Total assets				<u><u>95,366</u></u>

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 <i>HK\$'000</i>	Mobile Game <i>HK\$'000</i>	e-Education <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment liabilities	8,440	1,411	2,280	12,131
Promissory note payable				21,357
Other corporate liabilities				1,128
Total liabilities				<u><u>34,616</u></u>

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 2018 (Unaudited) HK\$'000	Six months ended 30 September 2017 (Unaudited) HK\$'000	As at 30 September 2018 (Unaudited) HK\$'000	As at 31 March 2018 (Audited) HK\$'000
Hong Kong (place of domicile)	23,859	61,537	30,585	32,697
The People's Republic of China (the "PRC")	—	—	4,712	5,536
	<u>23,859</u>	<u>61,537</u>	<u>35,297</u>	<u>38,233</u>

Information about major customers

Revenue from one customer of the Group represents approximately HK\$3,333,000 of the Group's total revenue for the six months ended 30 September 2018. There is no single customer contributed to 10% or more revenue to the Group's revenue for the six months ended 30 September 2017.

3. REVENUE

Revenue represents the net invoiced value of service rendered from the provision of security guarding service of the Group during the period.

4. OTHER INCOME

	Three months ended 30 September 2018 (Unaudited) HK\$'000		Six months ended 30 September 2018 (Unaudited) HK\$'000	
		2017 (Unaudited) HK\$'000		2017 (Unaudited) HK\$'000
Bank interest income	—*	—*	—*	1
Imputed interest income on amount due from a non-controlling equity holder of a subsidiary	27	22	54	43
Interest income from a loan to an associate	64	75	129	150
Interest income of a life insurance policy	—	10	—	20
Interest income from amount due from a related party	27	—	27	—
Sundry income	417	517	758	636
	<u>535</u>	<u>624</u>	<u>968</u>	<u>850</u>

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

5. FINANCE COSTS

	Three months ended 30 September 2018 (Unaudited)		Six months ended 30 September 2018 (Unaudited)	
		2017 (Unaudited)		2017 (Unaudited)
Interest charges on promissory note repayable	600	246	1,061	489
Interest charges on shareholder's loan	5	—	5	—
	<u>605</u>	<u>246</u>	<u>1,066</u>	<u>489</u>

6. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

	Three months ended 30 September		Six months ended 30 September	
	2018	2017	2018	2017
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amortisation of intangible asset ¹	478	1,062	966	2,170
Cost of services rendered	9,771	25,465	25,125	52,715
Depreciation of property, plant and equipment	575	771	1,227	1,550
Employee benefits expenses (including directors' emoluments):				
Salaries, allowances and benefits in kind included in:				
– Cost of services rendered	8,965	22,124	22,512	46,024
– Administrative expenses	3,461	3,874	7,401	7,111
Retirement benefits – Defined contribution plans ² included in:				
– Cost of services rendered	386	1,478	923	2,015
– Administrative expenses	44	102	108	218
Equity-settled share-based payment expenses ¹				
– Administrative expenses	–	–	–	4,009
	12,856	27,578	30,944	59,377
Legal and professional fees	1,968	604	3,857	1,331
Operating lease charges in respect of:				
– Rented premises	513	744	974	1,346
– Office equipment	12	17	30	35
	525	761	1,004	1,381

¹ included in “administrative expenses” in the consolidated statement of profit or loss and other comprehensive incomes

² no forfeited contributions available for offset against existing contributions during the period

7. INCOME TAX EXPENSE

	Three months ended 30 September		Six months ended 30 September	
	2018	2017	2018	2017
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current tax				
– Hong Kong Profits Tax				
– charged for the period	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

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

No deferred tax has been provided in the financial statements as there is no material temporary difference as at the reporting dates.

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:

	Three months ended 30 September		Six months ended 30 September	
	2018	2017	2018	2017
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss				
Loss attributable to owners of the Company (basic and diluted)	<u>(11,208)</u>	<u>(5,782)</u>	<u>(22,980)</u>	<u>(16,055)</u>
	Three months ended 30 September		Six months ended 30 September	
	2018	2017	2018	2017
		(Restated)		(Restated)
	'000	'000	'000	'000
Number of shares				
Weighted average number of ordinary shares for the purposes of basic loss per share	819,687	768,188	806,444	768,094
Effect of dilutive potential ordinary shares:				
Consideration shares to be issued on contingent consideration payable	<u>–</u>	<u>442</u>	<u>–</u>	<u>442</u>
Weighted average number of ordinary shares for the purposes of diluted loss per share	<u>819,687</u>	<u>768,630</u>	<u>806,444</u>	<u>768,536</u>

The weighted average member of shares for the purpose of calculating the basic loss per share has been retrospectively adjusted for the effect of the share consolidation (note 17) completed during the period ended 30 September 2018.

The assumed exercise of the outstanding share options for the six months ended 30 September 2017 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 2018 (six months ended 30 September 2017: nil).

10. PROPERTY, PLANT AND EQUIPMENT

For the six months ended 30 September 2018, apart from addition of items of property, plant and equipment with aggregate cost of approximately HK\$62,000 (six months ended 30 September 2017: HK\$72,000) and disposal of items of property, plant and equipment with aggregate cost of approximately HK\$567,000 (six months ended 30 September 2017:nil), 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 2018, the Group did not have any material acquisitions, written-off and disposal of intangible assets (six months ended 30 September 2017: addition of item of intangible assets with aggregate cost of HK\$3,390,000).

12. INTERESTS IN ASSOCIATES

	At 30 September 2018 (Unaudited) HK\$'000	At 31 March 2018 (Audited) HK\$'000
Share of net assets	–	–
Goodwill	<u>16,450</u>	<u>18,150</u>
	16,450	18,150
Impairment loss	<u>–</u>	<u>(1,700)</u>
	<u><u>16,450</u></u>	<u><u>16,450</u></u>

Particulars of associates as at 30 September 2018 and 31 March 2018 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 [#]	PRC	–	45%	Investment holding
Shenzhen Timing Advertisement Co., Limited [#]	PRC	–	45%	Investment holding
Shenzhen Magn Classic Technology Co., Limited [#]	PRC	–	45%	Investment holding
Shenzhen Magn Cultural Media Co., Limited [#]	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

13. TRADE RECEIVABLES

	As at 30 September 2018 (Unaudited) HK\$'000	As at 31 March 2018 (Audited) HK\$'000
Trade receivables	<u>5,305</u>	<u>12,600</u>

Trade receivables generally have credit terms of 7 to 30 days (as at 31 March 2018: 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:

	As at 30 September 2018 (Unaudited) HK\$'000	As at 31 March 2018 (Audited) HK\$'000
Not more than 30 days	3,907	6,224
30-90 days	1,210	6,025
Over 90 days	<u>188</u>	<u>351</u>
	<u>5,305</u>	<u>12,600</u>

The ageing analysis of trade receivables (net of impairment loss) by past due date as of the end of the reporting periods are as follows:

	As at 30 September 2018 (Unaudited) <i>HK\$'000</i>	As at 31 March 2018 (Audited) <i>HK\$'000</i>
Neither past due nor impaired	<u>2,081</u>	<u>9,689</u>
Not more than 30 days past due	2,954	1,149
30-90 days past due	150	1,547
Over 90 days past due	<u>120</u>	<u>215</u>
	<u>3,224</u>	<u>2,911</u>
	<u>5,305</u>	<u>12,600</u>

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 2018 (31 March 2018: 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:

	As at 30 September 2018 (Unaudited) <i>HK\$'000</i>	As at 31 March 2018 (Audited) <i>HK\$'000</i>
Not more than 30 days	–	–
30-90 days	–	–
Over 90 days	<u>693</u>	<u>693</u>
	<u>693</u>	<u>693</u>

15. LOAN FROM A CONTROLLING SHAREHOLDER

As at 30 September 2018, loan of HK\$1,005,000 is advanced from Greatwalle Holding Limited (“Greatwalle”) and is unsecured, interest-bearing at 3% per annum and due for repayment on 7 August 2019.

16. 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.

The amount is 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 is measured by computing the present value of estimated future cash flows at the effective interest rate of 5% per annum.

During the six months ended 30 September 2018, imputed interest expense of HK\$1,061,000 (2017: HK\$489,000) was charged to the profit or loss.

Subsequent to the end of the reporting period, on 10 May 2018, the Group had entered into an extension agreement with the noteholder of the promissory note on pursuant to which the maturity date of the promissory note was extended to 4 August 2019 and the extended promissory note would bear fixed interest in the amount of HK\$200,000 per month.

17. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Authorised:		
<i>Ordinary shares of HK\$0.001 (31 March 2018: HK\$0.001) each</i>		
At 1 April 2018 and 30 September 2018	20,000,000,000	20,000
Issued:		
<i>Ordinary shares of HK\$0.001 (31 March 2018: HK\$0.001) each</i>		
At 1 April 2018	7,869,794,432	7,870
Issue of shares upon exercise of share options	339,200,000	339
Every ten (10) issued and unissued ordinary shares of par value HK\$0.001 each in the share capital of the Company consolidated into one (1) share with a par value of HK\$0.01 each	(7,388,094,989)	—
At 30 September 2018	820,899,443	8,209

18. BUSINESS COMBINATION

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 (the “**Share Consideration**”), 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 ending 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 (the “**Contingent Consideration Receivable**”). If China Bei Dou records a loss 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 ending 31 December 2017 and 2018.

On 16 December 2016, the Company issued 726,846,591 shares at a price of HK\$0.069 per share to satisfy the Share Consideration. The acquisition was completed on 16 December 2016. Accordingly, the Group owns 100% of the issued share capital of China Bei Dou and which has become a subsidiary of the Group thereafter. China Bei Dou is principally engaged in investment holding and its major subsidiary, Zhongshan Bei Dou Education Technology Limited (“**Bei Dou Zhongshan**”), 59.5% interest indirectly held by China Bei Dou, is principally engaged in developing and manufacturing of education and security system to protect the safety of students (the “**Beidou Business**”).

The provisional fair value of identifiable assets acquired and liabilities assumed of China Bei Dou as at the date of acquisition, 16 December 2016, are as follows:

	<i>HK\$'000</i>
Other intangible assets	19,118
Property, plant and equipment	747
Amount due from a non-controlling equity holder	1,897
Other receivables and prepayments	463
Cash and cash equivalents	94
Trade and other payables	(1,567)
Less: non-controlling interests	(8,454)
	12,298
The provisional fair value of consideration transfer:	
Share Consideration issued	50,153
Contingent Consideration Receivable, at fair value	(1,600)
Total purchase consideration	48,553
Goodwill arising on the acquisition of China Bei Dou	36,255

Net cash inflow arising from the acquisition:

HK\$'000

Cash and bank balances acquired

94

The above consideration transferred includes a performance-based contingent consideration adjustment, which is principally based on the Profit Guarantee in a two-year period after acquisition on a dollar-for-dollar basis. The adjustment will be settled in cash after the end of the two-year period. The potential undiscounted amount of the contingent consideration adjustment that the Group could receive or be required to make under this arrangement is between nil and HK\$51,170,000. At the acquisition date, the fair value of the Contingent Consideration Receivable of HK\$1,600,000 was estimated by applying the income approach and the probability of the weighted average estimated profit at a post-tax discount rate of 35% and the estimated profit of China Bei Dou for the two-year period in the range of HK\$7,618,000 to HK\$21,859,000. As of 31 March 2017, the fair value of the Contingent Consideration Receivable was increased by HK\$600,000 as the estimated profit of China Bei Dou was recalculated to be in the range of HK\$6,532,000 to HK\$23,188,000 and the increase was recognised to profit or loss. As at 31 March 2018, the Company became aware that there was a high possibility that the Beidou Business may record a loss for the period covered by the profit guarantee because its business performance lagged behind the forecast and it incurred a loss for the year ended 31 March 2018. As a result, the Company carefully considered the risk associated with the recoverability of Contingent Consideration Receivable (the “**Credit Risk**”) at the time and recognised the loss on change in fair value on the Contingent Consideration Receivable in the amount of HK\$2,200,000, bringing down its carrying amount to nil as at 31 March 2018. As at 30 September 2018, the Credit Risk remained and the carrying amount of the Contingent Consideration Receivable remained is nil.

19. LEGAL PROCEEDINGS, CONTINGENT LIABILITIES AND CONTINGENT ASSET

(a) Contingent liabilities

As at 30 September 2018, the Group, as the defendant, has a total of two cases pending or unresolved with two plaintiffs related to occupational injury and illness (31 March 2018: three cases). The risks relating to such contingent liabilities are covered by adequate insurance.

(b) Contingent asset

In respect of the business cooperation with Bei Dou Jiuyi Information Technology Industry (Beijing) Limited (“**Bei Dou Jiuyi**”), the Group received the judgement granted by Zhongshan First People’s Court (the “**Court**”) in favour of Bei Dou Zhongshan on 18 January 2018.

The Directors consider the judgement is in favour of the Group, as the plaintiff, and believe that an inflow of economic benefits from return of the consideration of the Bei Dou Qualification, together with the interest accrued (the “Refund of Consideration”) amounted to RMB15,000,000 (approximately equivalent to HK\$17,097,000) is, therefore, probable. However, the contingent asset has not been recognised as a receivable as at 30 September 2018 and 31 March 2018 as it was not certain that an inflow of economic benefits will arise. As at 30 September 2018, the Group had not received any compensation from the judgement and the management has considered the Refund of Consideration to be a contingent asset.

20. 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:

	<i>Notes</i>	2018 HK\$'000	2017 <i>HK\$'000</i>
Operating lease and related charges paid to a former director, Ms. Liu Lai Ying		330	300
Interest income from an associate, Magn Investment	(a)	129	150
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	(a)	1,061	489

Note:

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

- (b) **Compensation of key management personnel**

	Six months ended 30 September	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Total remuneration of directors during the periods were as follows:		
Short-term employee benefits	855	885
Post employment benefits	—	—
	855	885

(c) **Balance with related parties**

		As at 30 September 2018 (Unaudited) HK\$'000	As at 31 March 2018 (Audited) HK\$'000
	<i>Notes</i>		
Receivable from/(payable to)			
Ms. Liu Lai Ying, a former director of the Company	(a)	100	100
Mr. Chen Yunchuo, a former director of the Company/a director of subsidiaries	(b)	226	236
A director of a subsidiary	(c)	–	4,864
Magn Investment, an associate	(d)	4,426	4,305
	(d)	(214)	(416)
Mr. Li Mingming, a director of the Company/a director of subsidiaries	(e)	8	(161)
Mr. Fu Yik Lung, a former director of the Company/a director of subsidiaries	(f)	(20,150)	(21,357)
Greatwalle, a controlling shareholder of the Company	(g)	(1,005)	–

- (a) Balance with Ms. Liu Lai Ying, a former director of the Company represented rental deposit paid to her. She has resigned as a director of the Company on 24 June 2016.
- (b) Balance with Mr. Chen Yunchuo, a former director of the Company and a director of subsidiaries, represented the amount due from a director.
- (c) Balances with a director of a subsidiary, represented the amount due from a related party of nil (31 March 2018: HK\$4,864,000, which has been fully paid on 28 June 2018).
- (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 and a director of subsidiaries, represented the amount due from/to a director.
- (f) Balance with Mr. Fu Yik Lung, a former director of the Company and a director of subsidiaries, represented promissory note payable and its accrued interests of HK\$20,150,000 (31 March 2018: HK\$21,357,000) in total.
- (g) Balance with Greatwalle, a controlling shareholder of the Company, represented loan from a controlling shareholder and its accrued interests of HK\$1,005,000 (2017: nil) in total.

21. COMPARATIVE FIGURES

As a result of the share consolidation completed on 5 September 2018, the loss per share for the six months ended 30 September 2017 and the three months ended 30 September 2017 has been retrospectively adjusted.

Certain comparative amounts have been reclassified to conform to current period's presentation.

22. SUBSEQUENT EVENTS

The Registrar of Companies in Cayman Islands has approved the registration of the new English and Chinese names of the Company and issued the Certificate of Incorporation on Change of Name on 14 September 2018, and the English name of the Company had been changed from “King Force Group Holdings Limited” to “Greatwalle Inc.”, the Chinese name of the Company had been changed from “冠輝集團控股有限公司” to “長城匯理公司”, and consequential amendments and restatement of the Company's memorandum and articles of association of the Company had been made..

The stock short names of the Company for trading in the Shares on the Stock Exchange has changed from “KING FORCE GP” to “GREATWALLE INC” in English and from “冠輝集團控股” to “長城匯理” in Chinese with effect from 9:00 a.m., 26 October 2018.

For details, please refer to the Company's circular dated 9 August 2018 and Company's announcements dated 7 August 2018, 4 September 2018 and 23 October 2018.

On 6 November 2018, an agreement entered into between Shenzhen 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 of China, and Shenzhen Jiuli Investment Advisory Co. Ltd.* (“Shenzhen Jiuli”), a wholly-owned subsidiary of the Company, entered into an agreement in relation to the business advisory and management services, 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. Advisory service shall commence from 6 November 2018 for a term of three years. Shenzhen Jiuli shall charge a fixed advisory service fee from Great Walle Capital Management on a monthly basis, as well as 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 a fund established on 6 April 2017 with a term of 36 months, in which the manager of the fund is Great Wall Capital Management, who may extend the term for not more than once for 12 months according to the practical operating conditions (the “M&A Fund No. 9”). As the relevant percentage ratios under the GEM Listing Rules did not exceed 25% and the total consideration was less than HK\$10 million, such transactions are exempt from the circular and independent shareholders approval requirements under Chapter 20 of the GEM Listing Rules. Further details of the advisory service are set out in the announcements of the Company dated 6 November 2018 and 8 November 2018.

On 18 January 2018, the Company received the judgement granted by the Court in favour of Bei Dou Zhongshan which, among others, Bei Dou Jiuyi 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 the date of this report, Bei Dou Zhongshan has 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 announcements dated 13 November 2018.

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 2018 and up to the date of this report.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the six months ended 30 September 2018, the Group engaged in (i) the provision of manned security guarding services (the “**Manned Security Guarding Services**”); (ii) the provision of mobile games through Magn Investment Limited (“**Magn Investment**”), an associated company of the Group (the “**Mobile Gaming Business of an Associated Company**”); (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 Communications Technology Group Limited (“**China Bei Dou**”), an indirect subsidiary of the Company.

Manned Security Guarding Services

The Group is a manned security guarding services provider and is licensed to provide security guarding services in Hong Kong under Type I security work in accordance with the Security Company License regime. The Group operates under the name “**KING FORCE**” and the services it offers aim to protect the safety of its customers, properties and assets and to maintain order in private events. The Manned Security Guarding Services offered by the Group include patrolling, access controlling at the lobby entrance, making entrance records of visitors and stopping trespassers, handling and reporting complaints. The Group also provides guarding and personal escorting services and crowd management services in various events, occasions, exhibitions, ceremonies

and press conferences. With over ten years of experience in providing manned security guarding services, the Group has established goodwill in its Manned Security Guarding Services. The Group is dedicated to providing quality manned security guarding services and is accredited with ISO 9001:2008 (quality management system standard) for its design and provision of security guarding services awarded by the Hong Kong Quality Assurance Agency. To ensure its quality of services, the Group provides guidance and trainings to its security guards and conducts supervision on its security guards. With continued effort, the Group has established a broad customer base. For the six months ended 30 September 2018, the Group had 126 customers, including property management companies, schools, warehouse operators, property redevelopers and construction companies.

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 the VIE arrangement.

The Group's share of loss of its associated company for the six months ended 30 September 2018 decreased by approximately HK\$2,267,000 from approximately HK\$2,267,000 for the six months ended 30 September 2017 to nil for the six months ended 30 September 2018. 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 six months ended 30 September 2018. The Mobile Gaming Business of an Associated Company did not perform well due to the intense market competition resulting from the increasing number of developers entering the mobile gaming industry in the PRC. In order to keep up with the ever-changing market, the Group will closely monitor the industry trend and it is expected that Magn Media (China) Holdings Limited will launch more popular games in the near future.

Mobile Gaming Business

Guanhui Huyu, engaged in the mobile gaming business targeted at the overseas markets, has executive teams based in Hong Kong, Shanghai and Shenzhen. It adheres to the idea of launching prime 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. Leveraging on the accumulated technologies and experience for game operation platforms of the experienced management team over the years, it emphasises the idea of prime mobile games and will be committed to achieving the strategy of globalisation of gaming industry so as to create an international layout for pan-entertainment in the industry. For the six months ended 30 September 2018, the Group did not derive any revenue from this segment.

E-Education

In line with the expansion 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 six months ended 30 September 2018, the Group did not derive any revenue from this segment.

SIGNIFICANT EVENTS DURING THE SIX MONTHS ENDED 30 SEPTEMBER 2018

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.

On 29 April 2018, Greatwalle Holding Limited (the “**Offeror**” or “**Greatwalle**”) 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 Greatwalle 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, Mr. Zhao Jinsong and Mr. Li Zhongfei 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 Jinsong, Mr. Li Zhongfei and Ms. Guan Yan. Mr. Zhao Jinsong acts as the chairman of the Audit Committee;
- (ii) the remuneration committee of the Company (the “**Remuneration Committee**”) comprises Mr. Zhao Jinsong, Mr. Li Zhongfei and Ms. Guan Yan. Mr. Li Zhongfei acts as the chairman of the Remuneration Committee; and
- (iii) the nomination committee of the Company (the “**Nomination Committee**”) comprises Ms. Pang, Mr. Zhao Jinsong and Mr. Li Zhongfei. Ms. Pang acts as the chairman of the Nomination Committee.

As at 24 July 2018, being the date on which the Offers were closed, Greatwalle 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 Greatwalle dated 24 July 2018.

Reference is made to the announcement of the Company dated 7 August 2018 and the circular of the Company dated 9 August 2018 (the “**2018 August Circular**”), 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 name change.

Saved as disclosed in this announcement, the Directors are not aware of any significant event requiring disclosure that has taken place during the six months ended 30 September 2018.

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 Greatwalle to the Group were closed. 深圳長城匯理投資股份有限公司 (Shenzhen Great Walle Investment Corp., Ltd.*), the controlling shareholder of Greatwalle, operates investment businesses in the PRC. It also engaged in the provision of entrusted asset management services and investment management services through its subsidiaries in the PRC. Leveraging on the experience of the new controlling shareholder of the Group in fund investment industry, the Group shall explore the business opportunities of investment industry in the future.

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 may consider fund raising to strengthen its capital base and financial position. 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 six months ended 30 September 2017 and 2018, 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 six months ended 30 September 2017 and 2018:

	Six months ended 30 September			
	2018		2017	
	HK\$'000	Percentage	HK\$'000	Percentage
Manned Security Guarding Services				
– Fixed	17,743	74.4%	52,231	84.9%
– Temporary	166	0.7%	1,623	2.6%
– Event	5,950	24.9%	7,683	12.5%
Total	<u>23,859</u>	<u>100%</u>	<u>61,537</u>	<u>100%</u>

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\$37,678,000 or 61.2% from approximately HK\$61,537,000 for the six months ended 30 September 2017 to approximately HK\$23,859,000 for the six months ended 30 September 2018. The decrease in revenue was mainly due to (i) the decrease in the number of manned security guarding service contracts by approximately 54.3%; and (ii) the general decrease in the service fees charge by the Group as a result of keen competition in the market.

Cost of services rendered

For the six months ended 30 September 2017 and 2018, the cost of services rendered, which mainly consists of direct guard cost, was approximately HK\$52,715,000 and HK\$25,125,000, representing approximately 85.7% and 105.3% 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 30 September 2018, the Group had a total of 717 employees, of which 667 were full-time and part-time guards providing manned security guarding and related services.

Gross loss

The Group's gross loss for the six months ended 30 September 2018 was approximately HK\$1,266,000, as compared with the gross profit of approximately HK\$8,822,000 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.

Administrative expenses

The Group's administrative expenses decreased by approximately HK\$2,005,000 or 8.4% from approximately HK\$23,866,000 for the six months ended 30 September 2017 to approximately HK\$21,861,000 for the six months ended 30 September 2018. The decrease in the Group's administrative expenses was mainly due to the decrease in amortisation of intangible assets, depreciation of property, plant and equipment and an absence of the recognition of the share option expenses recognised for the same period last year.

Finance costs

The Group's finance costs increased by approximately HK\$577,000 or 118.0% from HK\$489,000 for the six months ended 30 September 2017 to HK\$1,066,000 for the six months ended 30 September 2018. The increase in the finance costs was mainly due to the accrued interest on the promissory note for the six months ended 30 September 2018.

Share of result of an associate

The Group's share of loss of its associated company for the six months ended 30 September 2018 decreased by approximately HK\$2,267,000 from approximately HK\$2,267,000 for the six months ended 30 September 2017 to nil for the six months ended 30 September 2018. 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 six months ended 30 September 2018. The result of share of losses of its associated company was mainly due to a drop in turnover and the high operating costs of the associated company as a result of some mobile games published for the period not performing well due to the high labour cost and the demands lagged behind the expected.

Loss for the period

Loss attributable to owners of the Company for the six months ended 30 September 2018 increased by approximately HK\$6,925,000 from approximately HK\$16,055,000 for the six months ended 30 September 2017 to approximately HK\$22,980,000 for the six months ended 30 September 2018. The increase in the Group's loss for the period was mainly due to 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, but which was partially offset by (i) the decrease in the Group's share of losses of its associate due to the Group discontinued recognising its share of further losses as mentioned above; and (ii) the decrease in administrative expenses, including the decrease in amortisation of intangible assets and depreciation of property, plant and equipment and an absence of the recognition of the share option expenses recognised for the same period last year.

Services contracts

During the six months ended 30 September 2018, the Group had entered into 122 new or renewed contracts, of which 119, 3 and 0 are fixed, temporary and event security guarding services contracts respectively. As at 30 September 2018, the Group had a total number of 27 unexpired security guarding services contracts.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Share Capital

Share Consolidation

Following the consolidation of every ten (10) shares with a par value of HK\$0.001 each in the issued and unissued share capital of the Company into one (1) share with a par value of HK\$0.01 each in the issued and unissued share capital of the Company became effective on 5 September 2018, the authorised share capital has become HK\$20,000,000 divided into 2,000,000,000 shares of which 820,899,443 shares were in issue.

For details, please refer to the 2018 August Circular and the Company's announcements dated 7 August 2018 and 4 September 2018.

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 2018, the share capital and total equity attributable to owners of the Company amounted to approximately HK\$8,209,000 and HK\$42,566,000, respectively (as at 31 March 2018: approximately HK\$7,870,000 and HK\$59,230,000, respectively). As at 30 September 2018, the Group has a loan from controlling shareholder and a promissory note which is payable to a former director of the Company. Please refer to note 15 and note 16 of the notes to unaudited condensed consolidated interim financial information, respectively.

Cash position

As at 30 September 2018, the cash at banks and in hand of the Group amounted to approximately HK\$3,575,000 (as at 31 March 2018: approximately HK\$10,849,000), representing a decrease of approximately HK\$7,274,000 as compared to 31 March 2018.

Charges over assets of the Group

As at 31 March 2018 and 30 September 2018, none of the Group's assets had been pledged.

Gearing ratio

As at 30 September 2018, the gearing ratio of the Group was 48.4% (as at 31 March 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 which is payable to a former director of the Company and loan from a controlling shareholder. As at 30 September 2018, 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 six months ended 30 September 2018, which mainly comprise furniture and equipment (for the six months ended 30 September 2017: approximately HK\$72,000).

Capital commitments

As at 30 September 2018, the Group had no capital commitments (as at 31 March 2018: approximately HK\$2,255,000).

Foreign exchange risk

The Group's business operations are primarily conducted in Hong Kong. The transactions, monetary assets and liabilities of the Group are mainly denominated in Hong Kong dollar. During the six months ended 30 September 2018, 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 2018.

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 2018, 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.

Legal proceedings, contingent liabilities and contingent asset

Details of legal proceedings, contingent liabilities and contingent asset are set out in note 19 to the unaudited condensed consolidated interim financial information.

Employees and remuneration policy

The Group had 717 employees as at 30 September 2018 (as at 31 March 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.

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.

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 2018, 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:

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
Ms. Pang	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	67,710	1.2185%
		Interest in a controlled corporation	27,509 ^(Note 2)	0.4950%

* For identification purpose only

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.

Save as disclosed above, as at 30 September 2018, 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 2018, 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:

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	Beneficial owner	461,162,615	56.18%
Song Xiaoming	Interest of corporation controlled by the substantial shareholder (<i>Note</i>)	461,162,615	56.18%
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 (<i>Note</i>)	461,162,615	56.18%

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
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 (<i>Note</i>)	461,162,615	56.18%
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 (<i>Note</i>)	461,162,615	56.18%

* *For identification purpose only*

Note:

According to information available to the Company, as at 30 September 2018, 461,162,615 shares were held by Greatwalle in the capacity of beneficial owner. Greatwalle 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 (Shenzhou Hongde Business Services Co., Limited*)). As such, each of Nansha Huiming, Huili Jiu Hao Investment, Great Walle Investment and Mr. Song is deemed to be interested in 461,162,615 shares of the Company held by Greatwalle 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 2018, 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 (the “**Share Option Scheme**”), 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 28 August 2018.

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 2018, 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 2018 are set out as follows:

Category of Participants	Exercise price per share (HK\$)	Date of grant	Exercisable period (Note 1)	Number of share options					Outstanding as at 30 September 2018	
				As at 1 April 2018	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period		
Director										
Mr. Li Mingming	0.02	30 June 2017	30 June 2017 to 29 June 2020	64,000,000	–	64,000,000 (Note 2)	–	–	–	
Former Directors										
Ms. Li Liping	0.02	30 June 2017	30 June 2017 to 29 June 2020	64,000,000	–	64,000,000 (Note 3)	–	–	–	
Mr. Ho Yuk Ming Hugo	0.02	30 June 2017	30 June 2017 to 29 June 2020	6,400,000	–	–	–	6,400,000	–	
Mr. Wan Tat Wai David	0.02	30 June 2017	30 June 2017 to 29 June 2020	6,400,000	–	–	–	6,400,000	–	
Mr. Xiong Hong	0.02	30 June 2017	30 June 2017 to 29 June 2020	6,400,000	–	–	–	6,400,000	–	
Other employees of the Group										
In aggregate	0.02	30 June 2017	30 June 2017 to 29 June 2020	211,200,000	–	211,200,000 (Note 4)	–	–	–	

Notes:

1. All of the share options granted have no vesting period or vesting condition.
2. 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.
3. 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.
4. 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.

Other than the share options stated above, no share options had been granted by the Company to other participants pursuant to the Share Option Scheme during the six months ended 30 September 2018. Save as disclosed above, no other share options were granted, exercised, cancelled or lapsed during the six months ended 30 September 2018.

As at the date of this announcement, there were 82,089,944 share options available for issue under the Share Option Scheme, representing approximately 10% of the total number of issued shares of the Company if all of the share options (if granted) are exercised.

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 2018.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 September 2018 (six months ended 30 September 2017: 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, 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 2018.

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 2018, except for CG Code provision A.2.1.

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**") and is currently of the view that there is no immediate need to set up this post within the Group in consideration of the size, nature and complexity of the Group's business. However, the Company has appointed several staffs at the subsidiary level for each business segment, who are responsible for the oversight of each business segments' operations. The Company will, from time to time, review the effectiveness of the Group's corporate governance structure and consider whether any change, including whether a CEO role is needed.

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. 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 announcement and the interim report of the Group for the six months ended 30 September 2018. The condensed consolidated financial results for the six months ended 30 September 2018 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 2018, 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.

CHANGES OF DIRECTOR'S INFORMATION

Ms. Pang graduated from the EMBA programme of the Cheung Kong Graduate School of Business in September 2018. Ms. Pang 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.*), a wholly-owned subsidiary of the Company.

EVENTS AFTER THE PERIOD

CHANGE OF COMPANY NAMES AND STOCK SHORT NAMES, AND AMENDMENTS TO AND RESTATEMENT OF THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE COMPANY

As announced by the Company on 23 October 2018, the Registrar of Companies in Cayman Islands has approved the registration of the new English and Chinese names of the Company and issued the Certificate of Incorporation on Change of Name on 14 September 2018, and the English name of the Company has been changed from “King Force Group Holdings Limited” to “Greatwalle Inc.” and the Chinese name of the Company has been changed from “冠輝集團控股有限公司” to “長城匯理公司”. The memorandum and articles of association of the Company had been amended and restated after the name change.

The stock short names of the Company for trading in the shares on the Stock Exchange has been changed from “KING FORCE GP” to “GREATWALLE INC” in English and from “冠輝集團控股” to “長城匯理” in Chinese with effect from 9:00 a.m., 26 October 2018.

For details, please refer to the 2018 August Circular and the Company’s announcements dated 7 August 2018, 4 September 2018 and 23 October 2018.

CONTINUING CONNECTED TRANSACTION

On 6 November 2018, an agreement was entered into between 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**”), a company established in Shenzhen with limited liability and is a qualified private equity investment fund manager licensed by Asset Management Association of China, and 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 agreement in relation to the business advisory and management services, 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. Advisory service shall commence from 6 November 2018 for a term of three years. Shenzhen Jiuli shall charge a fixed advisory service fee from Great Walle Capital Management on a monthly basis, as well as 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*). Further details of the agreement are set out in the announcements of the Company dated 6 November 2018 and 8 November 2018.

UPDATE ON LEGAL PROCEEDINGS AGAINST BEI DOU JIUYI

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**") which, among others, Bei Dou Jinyi Information Technology Industry (Beijing) Limited ("**Bei Dou Jinyi**"), 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 the date of this announcement, Bei Dou Zhongshan has 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 dated 13 November 2018.

PUBLICATION OF 2018 INTERIM REPORT

The 2018 interim report of the Company containing all the information required by the GEM Listing Rules will be despatched to the shareholders of the Company and will also be published on the website of the Company at <http://www.kingforce.com.hk> and the "HKExnews" website of the Stock Exchange at <http://www.hkexnews.hk>.

* For identification purpose only

By order of the Board
Greatwalle Inc.
Pang Xiaoli

Chairman and Executive Director

Hong Kong, 14 November 2018

As at the date of this announcement, the executive Directors are Ms. Pang Xiaoli, Mr. Li Mingming, 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.

This announcement will remain on the "Latest Company Announcements" page of the Stock Exchange's website at www.hkexnews.hk for 7 days from the date of its posting. This announcement will also be posted on the Company's website at www.kingforce.com.hk.