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GREATWALLE INC.

長城匯理公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 08315)

ANNOUNCEMENT OF FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 30 JUNE 2019

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 (the “**Board**”) of Directors is pleased to announce the first quarterly results of the Group for the three months ended 30 June 2019. This announcement, containing the full text of the First Quarterly Report 2019/20 of the Company, complies with the relevant requirements of the GEM Listing Rules in relation to information to accompany preliminary announcement of first quarterly results.

By order of the Board

Greatwalle Inc.

Song Xiaoming

Chairman and Executive Director

Hong Kong, 8 August 2019

As at the date of this announcement, 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.

This announcement will remain on the “Latest Company Announcements” page of the Stock Exchange’s website at www.hkgem.com 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.

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

		For the three months ended 30 June	
		2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
	Notes		
Revenue	2	3,110	13,769
Cost of services rendered		(3,232)	(15,353)
Gross loss		(122)	(1,584)
Other income	3	195	433
Administrative expenses		(12,527)	(10,316)
Finance costs	4	(651)	(461)
Loss before income tax	5	(13,105)	(11,928)
Income tax expense	6	–	–
Loss for the period		(13,105)	(11,928)
Other comprehensive income that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of financial statements of foreign operations		215	(405)
Other comprehensive income for the period		215	(405)
Total comprehensive income for the period		(12,890)	(12,333)
Loss for the period attributable to:			
Owners of the Company		(11,878)	(11,772)
Non-controlling interests		(1,227)	(156)
		(13,105)	(11,928)
Total comprehensive income for the period attributable to:			
Owners of the Company		(11,677)	(12,103)
Non-controlling interests		(1,213)	(230)
		(12,890)	(12,333)
		HK cents	HK cents (Restated)
Loss per share for loss attributable to owners of the Company	8		
– Basic and diluted		(0.96)	(1.48)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 30 JUNE 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/ Accumulated losses 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
Share option exercised	179	4,710	(1,305)	-	-	-	-	3,584	-	3,584
Transactions with owner	179	4,710	(1,305)	-	-	-	-	3,584	-	3,584
Loss for the period	-	-	-	-	-	-	(11,772)	(11,772)	(156)	(11,928)
Other comprehensive income: Exchange difference on translation of financial statements for foreign operations	-	-	-	-	(331)	-	-	(331)	(74)	(405)
Total comprehensive income for the period	-	-	-	-	(331)	-	(11,772)	(12,103)	(230)	(12,333)
At 30 June 2018 (unaudited)	8,049	109,772	1,353	(5,270)	926	586	(64,705)	50,711	1,290	52,001
At 1 April 2019 (audited)	12,437	153,487	4,828	(5,270)	831	-	(138,974)	27,339	(1,880)	25,459
Loss for the period	-	-	-	-	-	-	(11,878)	(11,878)	(1,227)	(13,105)
Other comprehensive income: Exchange difference on translation of financial statements for foreign operations	-	-	-	-	201	-	-	201	14	215
Total comprehensive income for the period	-	-	-	-	201	-	(11,878)	(11,677)	(1,213)	(12,890)
Share-based payment expenses of options granted by the Company during the period	-	-	957	-	-	-	-	957	-	957
At 30 June 2019 (unaudited)	12,437	153,487	5,785	(5,270)	1,032	-	(150,852)	16,619	(3,093)	13,526

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED 30 JUNE 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 financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong and complied with accounting standards issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). The unaudited condensed consolidated financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinances and GEM Listing Rules. They are prepared under the historical cost convention.

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 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 three months ended 30 June 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. 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.

	Three months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	HK\$’000	HK\$’000
Provision of security guarding services	2,683	13,769
Provision of business advisory and management services	427	–
	3,110	13,769

3. OTHER INCOME

	Three months ended 30 June	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Bank interest income	2	—*
Imputed interest income on amount due from a non-controlling equity holder of a subsidiary	—	27
Interest income from a loan to an associate	—	65
Interest income from amount due from a related party	—	27
Sundry income	193	314
	195	433

* Represents amount less than HK\$1,000

4. FINANCE COSTS

	Three months ended 30 June	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Interest charges on promissory note repayable	600	461
Interest on lease liabilities	51	—
	651	461

5. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

	Three months ended 30 June	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Amortisation of other intangible assets ¹	208	488
Cost of services rendered	3,232	15,353
Depreciation of property, plant and equipment ¹	358	652
Depreciation of right-of-use assets ¹	1,072	–
Employee benefits expenses (including directors' emoluments):		
Salaries, allowances and benefits in kind included in:		
– Cost of services rendered	3,019	13,547
– Administrative expenses	6,988	3,940
Retirement benefits – Defined contribution plans ² included in:		
– Cost of services rendered	129	537
– Administrative expenses	671	64
Equity-settled share-based payment expenses ¹		
– Administrative expenses	957	–
	11,764	18,088
Legal and professional fees ¹	314	1,889
Operating lease charges in respect of:		
– Rented premises	231	461
– Office equipment	–	18
	231	479

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

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

6. 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.

7. DIVIDEND

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

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:

	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Loss		
Loss attributable to owners of the Company	(11,878)	(11,772)
	2019	2018
Number of shares	'000	(Restated) '000
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	1,243,663	796,750

The weighted average number of ordinary shares for the period ended 30 June 2018 above has been adjusted retrospectively for the share consolidation which were completed on 5 September 2018.

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

9. SUBSEQUENT EVENTS

Mr. Li Mingming ("Mr. Li") did not seek for re-election and has retired by rotation as an executive Director at the annual general meeting of the Company held on 6 August 2019 (the "AGM") due to his other personal commitments which requires more of his dedication. Mr. Song Xiaoming ("Mr. Song") has been appointed as an executive Director to fill the casual vacancy created by the retirement of Mr. Li by the shareholders of the Company at the AGM with effect from the date of the AGM. On 6 August 2019, Ms. Pang Xiaoli ("Ms. Pang") has resigned as the chairman of the nomination committee of the Company but remained as executive Director and been appointed as CEO while Mr. Song has been appointed as the chairman of the Board and nomination committee of the Company.

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the three months ended 30 June 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 through Shenzhen Jiuli Investment Advisory Co., Ltd.* (“**Shenzhen Jiuli**”), an indirectly wholly-owned subsidiary of the Company (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 year ended 31 March 2019, the Group had 16 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 earliest people working in M&A fund management business in the PRC. It has also developed a systematic investment strategy, a good talent pool and a sound governance system. The historical scale of Great Walle Investment’s fund management business exceeds RMB4.5 billion, and all exit projects have yielded an internal rate of return of over 30% in investment revenue, which is among the best in the industry.

* For identification purposes only

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

Shenzhen Jiuli entered into the advisory service agreement with Great Walle Capital Management Co. Ltd.* (**"Great Walle Capital Management"**), a company established in Shenzhen with limited liability and is a qualified private equity investment fund manager licensed by Asset Management Association in China, pursuant to which Shenzhen Jiuli shall provide business advisory and management services to Great Walle Capital Management in relation to its private equity fund 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 THREE MONTHS ENDED 30 JUNE 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. For details, please refer to the announcement of the Company dated 18 April 2019.

Business Development Update

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 (Huili 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.

Disposal of Shares by Controlling Shareholder

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

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

* For identification purposes only

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

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

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

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 Huili Asset Management (Zhuhai) Co. Ltd.* in the PRC, while the Group has expanded its asset management professional team since May this year to bring the overall headcount in the asset management team to more than 80 members, which consists of professionals with proven and excellent management experience in foreign investment banks, Chinese banks and large state-owned enterprises. In the future, the Group will endeavour to develop the asset management, business advisory and financial technology businesses, establish sound asset management ecosystem, create positive interactions between financial businesses within the Group, continue to strengthen the sustainable development capacity of the Group and increase profitability of the Group.

* For identification purposes only

FINANCIAL REVIEW

Revenue

For the three months ended 30 June 2018 and 2019, majority of 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 three months ended 30 June 2018 and 2019:

	Three months ended 30 June			
	2019		2018	
	HK\$'000	Percentage	HK\$'000	Percentage
Manned Security Guarding Services				
– Fixed	1,796	57.8%	11,157	81.0%
– Temporary	–	–	166	1.2%
– Event	887	28.5%	2,446	17.8%
	2,683	86.2%	13,769	100%
Provision of Business Advisory and Management Services	427	13.7%	–	–
Total	3,110	100%	13,769	100%

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

The Group's overall revenue decreased by approximately HK\$10,659,000 or 77.4% from approximately HK\$13,769,000 for the three months ended 30 June 2018 to approximately HK\$3,110,000 for the three months ended 30 June 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 three-month period ended 30 June 2018 ("PY 2018") to 18, 0 and 2, respectively during the three-month period ended 30 June 2019 ("PY 2019"), respectively; 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 73.3%. 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\$427,000.

Cost of services rendered

For the three months ended 30 June 2018 and 2019, the cost of services rendered, which mainly consists of direct guard cost, was approximately HK\$15,353,000 and HK\$3,232,000, representing approximately 111.5% and 103.9% 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 June 2019, the Group had a total of 312 employees, of which 243 were full-time and part-time guards providing manned security guarding and related services.

Gross loss

The Group's gross loss decreased by approximately HK\$1,462,000 from approximately HK\$1,584,000 for the three months ended 30 June 2018 to approximately HK\$122,000 for the three months ended 30 June 2019. The decrease in gross loss 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 the period 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\$2,211,000 or 21.4% from approximately HK\$10,316,000 for the three months ended 30 June 2018 to approximately HK\$12,527,000 for the three months ended 30 June 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\$190,000 or 41.2% from HK\$461,000 for the three months ended 30 June 2018 to HK\$651,000 for the three months ended 30 June 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 three months ended 30 June 2019.

Loss for the period

Loss attributable to owners of the Company for the three months ended 30 June 2019 increased by approximately HK\$106,000 from approximately HK\$11,772,000 for the three months ended 30 June 2018 to approximately HK\$11,878,000 for the three months ended 30 June 2019. The increase in the Group's loss for the period was mainly due to the reasons and factors as mentioned above.

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 June 2019, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long positions 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
Pang Xiaoli	Beneficial owner	12,709,765	–	1.02%
		–	4,227,632 (Note)	0.34%
Hon Hoi Chuen	Beneficial owner	–	12,436,626 (Note)	1.00%
Lin Shuxian	Beneficial owner	–	12,436,626 (Note)	1.00%
Li Mingming	Beneficial owner	–	9,156,186 (Note)	0.74%
Guan Yan	Beneficial owner	–	1,000,000 (Note)	0.08%
Zhao Jinsong	Beneficial owner	–	1,000,000 (Note)	0.08%
Li Zhongfei	Beneficial owner	–	1,000,000 (Note)	0.08%

Note: 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.

Interest in the associated corporations

Name of Directors	Name of the associated corporations	Capacity/ Nature of interests	Number of shares, underlying shares held/interested	Approximate percentage of the total number of issued shares of the associated corporations
Pang Xiaoli	深圳匯理九號投資諮詢企業(有限合夥) (Shenzhen Huili Jiu Hao Investment Consulting Enterprise Limited Partnership*)	Beneficial owner	10,000 (Note 1)	0.20%
	深圳長城匯理投資股份有限公司 (Shenzhen Great Walle Investment Corp., Ltd.*)	Beneficial owner Interest in a controlled corporation	67,710 27,509 (Note 2)	1.22% 0.50%

Notes:

1. The associated corporation is a limited partnership with no share description or shares. The total number of shares represented the amount of capital contributed.
2. These shares are beneficially owned by 深圳明鉞科技有限公司 (Shenzhen Mingyue Technology Company Limited*), a company wholly owned by Ms. Pang, and therefore Ms. Pang is deemed to be interested in these shares under the SFO.

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

Save as disclosed above, as at 30 June 2019, none of the Directors or chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

* For identification purposes only

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

As at 30 June 2019, substantial shareholders (not being the Directors or chief executive of the Company) 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, as follows:

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

Name of substantial shareholders	Capacity/Nature of interests	Number of shares held/interested	Approximate percentage of the total number of issued shares of the Company
Greatwalle Holding Limited	Beneficial owner	691,743,922(L) 223,859,278(S)	55.62% 18.00%
Song Xiaoming	Interest of corporation controlled by the substantial shareholder (Note 1)	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

Notes:

- 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 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. Huili Jiu Hao Investment is held as to 99.80% by 深圳長城匯理投資股份有限公司 ("Great Walle Investment"). Great Walle Investment is ultimately controlled by Mr. Song (as to approximately 70.9357% directly, and as to approximately 21.9995% indirectly through a wholly-owned company, 深圳弘德商務服務有限公司). As such, each of Nansha Huiming, Huili Jiu Hao Investment, Great Walle Investment and Mr. Song is deemed to be interested in 691,743,922 Shares (long position) and 223,859,278 Shares (short position) shares held by Greatwalle Holding Limited under the SFO.

* For identification purposes only

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 of the Company are not aware that there is any party who, as at 30 June 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 details of the movements of the share options under the Share Option Scheme for the three months ended 30 June 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 30 June 2019
				Balance as at 1 April 2019	Granted during the three months ended 30 June 2019	Exercised during the three months ended 30 June 2019	Lapsed during the three months ended 30 June 2019	Cancelled during the three months ended 30 June 2019	
Directors									
Ms. Pang Xiaoli	0.0904	18 April 2019	18 April 2019 to 17 April 2029	-	4,227,632	-	-	-	4,227,632
Mr. Li Mingming	0.2380	14 December 2018	14 December 2018 to 13 December 2028	9,156,186	-	-	-	-	9,156,186
Mr. Hon Hoi Chuen	0.2380	14 December 2018	14 December 2018 to 13 December 2028	9,156,186	-	-	-	-	9,156,186
	0.0904	18 April 2019	18 April 2019 to 17 April 2029	-	3,280,440	-	-	-	3,280,440
Ms. Lin Shuxian	0.2380	14 December 2018	14 December 2018 to 13 December 2028	9,156,186	-	-	-	-	9,156,186
	0.0904	18 April 2019	18 April 2019 to 17 April 2029	-	3,280,440	-	-	-	3,280,440
Ms. Guan Yan	0.2380	14 December 2018	14 December 2018 to 13 December 2028	915,618	-	-	-	-	915,618
	0.0904	18 April 2019	18 April 2019 to 17 April 2029	-	84,382	-	-	-	84,382
Mr. Zhao Jinsong	0.2380	14 December 2018	14 December 2018 to 13 December 2028	915,618	-	-	-	-	915,618
	0.0904	18 April 2019	18 April 2019 to 17 April 2029	-	84,382	-	-	-	84,382
Mr. Li Zhongfei	0.2380	14 December 2018	14 December 2018 to 13 December 2028	915,618	-	-	-	-	915,618
	0.0904	18 April 2019	18 April 2019 to 17 April 2029	-	84,382	-	-	-	84,382

Name or category of grantees	Exercise Price (HK\$)	Date of grant	Exercisable Period (Note 1)	Number of share options					Balance as at 30 June 2019
				Balance as at 1 April 2019	Granted during the three months ended 30 June 2019	Exercised during the three months ended 30 June 2019	Lapsed during the three months ended 30 June 2019	Cancelled during the three months ended 30 June 2019	
Employees of the Group									
In aggregate	0.2380	14 December 2018	14 December 2018 to 13 December 2028	9,156,186	-	-	-	-	9,156,186
	0.0904	18 April 2019	18 April 2019 to 17 April 2029	-	14,311,505	-	-	-	14,311,505
Other Participant	0.2380	14 December 2018	14 December 2018 to 13 December 2028	9,156,186	-	-	-	-	9,156,186
Total				48,527,784	25,353,163	-	-	-	73,880,947

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\$0.09.

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

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 three months ended 30 June 2019.

DIVIDEND

The Board does not recommend the payment of dividend for the three months ended 30 June 2019 (three months ended 30 June 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. 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 three months ended 30 June 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 three months ended 30 June 2019, except for CG Code provisions 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**”) until the appointment of Mr. Song as the chairman and Ms. Pang as the CEO on 6 August 2019. Before the appointment of Ms. Pang as the CEO, the Company has appointed several staff at the subsidiary level for each business segment, who are responsible for the oversight of each business segment’s operations.

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 which 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 first quarterly results announcement of the Group for the three months ended 30 June 2019. The condensed consolidated financial results for the three months ended 30 June 2019 are unaudited, but have been reviewed by the Audit Committee.

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 three months ended 30 June 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) at the relevant time 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.

MATERIAL ACQUISITION AND DISPOSAL

The Group did not have any material acquisition or disposal of subsidiaries or associates during the three months ended 30 June 2019.

EVENTS AFTER THE PERIOD

Mr. Li did not seek for re-election and has retired by rotation as an executive Director at the annual general meeting of the Company held on 6 August 2019 (the “**AGM**”) due to his other personal commitments which requires more of his dedication. Mr. Song has been appointed as an executive Director to fill the casual vacancy created by the retirement of Mr. Li by the shareholders of the Company at the AGM with effect from the date of the AGM. On 6 August 2019, Ms. Pang has resigned as the chairman of the nomination committee of the Company but remained as executive Director and been appointed as CEO while Mr. Song has been appointed as the chairman of both the Board and nomination committee of the Company.

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

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

Hong Kong, 8 August 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.