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KING FORCE GROUP HOLDINGS LIMITED

冠輝集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 08315)

(1) NON-FULFILLMENT OF PROFIT GUARANTEE IN RESPECT OF THE ACQUISITION OF 25% EQUITY INTEREST IN MAGN INVESTMENT LIMITED

(2) NUMBER OF TRANCHE B CONSIDERATION SHARES TO BE ISSUED

INTRODUCTION

Reference is made to (a) the announcements of King Force Group Holdings Limited (the “**Company**”) dated 19 October 2015 and 24 November 2015 in relation to, among others, the acquisition of 25% equity interest in the Target Company by way of issue of the Consideration Shares (the “**Acquisition Announcements**”), (b) the announcements of the Company dated 29 June 2016 and 29 January 2018, in relation to, among others, the non-fulfillment of the 2016 Guaranteed Profit and 2017 Guaranteed Profit (the “**Update Announcements**”), and (c) the 2017 annual report of the Company published on 27 June 2017 (the “**2017 Annual Report**”).

Unless otherwise defined, terms used in this announcement shall have the same meanings as those defined in the Acquisition Announcements.

NON-FULFILLMENT OF PROFIT GUARANTEE IN RESPECT OF THE ACQUISITION OF 25% EQUITY INTEREST IN MAGN INVESTMENT LIMITED

Further to the information announced in the Update Announcements, the Board wishes to inform the Shareholders that according to the audited financial statements of the Target Company for the year ended 31 March 2017 that was received by the Company on 12 February 2018, the net profit after tax of the Target Company for the year ended 31 March 2017 was RMB2,169,000. As stated in the Acquisition Announcements, the 2017 Guaranteed Profit is HK\$45,000,000. Therefore the Target Company did not meet the 2017 Guaranteed Profit.

NUMBER OF TRANCHE B CONSIDERATION SHARES TO BE ISSUED

As disclosed in the Acquisition Announcements, in the event that the 2017 Actual Profit fails to meet the 2017 Guaranteed Profit, the number of the Tranche B Consideration Shares shall be adjusted in accordance with the formulae set out below as the compensation. The Company will therefore issue 4,194,432 Tranche B Consideration Shares to the Company, representing approximately 0.05% of the enlarged issued share capital of the Company, assuming that there is no further issue of securities by the Company (whether pursuant to the Company's share option scheme or otherwise) until the completion of the allotment and issue of the Tranche B Consideration Shares. The number of the Tranche B Consideration Shares to be allotted and issued was calculated in accordance with the formulae as set out below and disclosed in the Acquisition Announcements.

The number of the Tranche B Consideration Shares = 75,970,000 shares (*note 1*) – (HK\$45,000,000 (*note 2*) – HK\$2,502,375 (*note 3*)) \times 0.4425/HK\$0.262 (*note 4*) = 4,194,432 shares.

Notes:

1. The 75,970,000 shares represent the Tranche B Consideration Shares to be allotted and issued to the Vendor assuming the 2017 Guaranteed Profit has been met, as disclosed in the Acquisition Announcements.
2. HK\$45,000,000 represents the 2017 Guaranteed Profit.
3. HK\$2,502,375 represents the 2017 Actual Profit, as converted from RMB2,169,000 to with the exchange rate (1:1.1537), which is calculated based on the average monthly rate from April 2016 to March 2017.
4. HK\$0.262 represents the Issue Price of the Consideration Shares, as disclosed in the Acquisition Announcements.

By Order of the Board of
King Force Group Holdings Limited
Chen Yunchuo

Hong Kong, 14 February 2018

As at the date of this announcement, the executive Directors are Mr. Li Mingming, Mr. Cheng Rui, Ms. Li Liping and Mr. Chen Yunchuo; and the independent non-executive Directors are Mr. Xiong Hong, Mr. Wan Tat Wai David and Mr. Ho Yuk Ming Hugo.

This announcement, for which the Directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with 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.

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