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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)

PROPOSED SHARE CONSOLIDATION UPDATE ON PROPOSED CHANGE OF COMPANY NAME

PROPOSED SHARE CONSOLIDATION

The Board proposes to put forward a proposal to the Shareholders to effect the Share Consolidation which involves 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 existing board lot of 10,000 Shares will remain unchanged upon the Share Consolidation taking place.

UPDATE ON PROPOSED CHANGE OF COMPANY NAME

As disclosed in the announcement of the Company dated 25 October 2017, the Board proposed to change the English name of the Company from “King Force Group Holdings Limited” to “Bei Dou Group Holdings Limited” and the Chinese name of the Company from “冠輝集團控股有限公司” to “北斗集團控股有限公司”. However, since the name 北斗集團控股有限公司 has been registered by a third party, the Board currently proposes to change the English name of the Company from “King Force Group Holdings Limited” to “Bei Dou Technology Group Holdings Limited” and the Chinese name of the Company from “冠輝集團控股有限公司” to “北斗科技集團控股有限公司”.

GENERAL

The proposed Share Consolidation and the proposed Change of Company Name will be proposed at the EGM for Shareholders’ consideration and, if thought fit, approval. A circular in relation to the EGM containing, among others, further details of the proposed Share Consolidation, the proposed Change of Company Name and the notice convening the EGM is expected to be despatched to the Shareholders on or before 29 March 2018.

INTRODUCTION

Reference is made to the announcement of the Company dated 25 October 2017 in relation to the proposed change of the name of the Company.

The Board proposes to put forward proposals to the Shareholders to effect: (1) the proposed Share Consolidation, which involves 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 existing board lot of 10,000 Shares will remain unchanged upon the Share Consolidation taking place; and (2) the proposed Change of Company Name, whereby the English name of the Company will be changed from “King Force Group Holdings Limited” to “Bei Dou Technology Group Holdings Limited” (instead of “Bei Dou Group Holdings Limited” as announced in the 25 October Announcement) and the Chinese name of the Company will be changed from “冠輝集團控股有限公司” to “北斗科技集團控股有限公司” (instead of “北斗集團控股有限公司” as announced in the 25 October Announcement).

SHARE CONSOLIDATION

Effects of the Proposed Share Consolidation

As at the date of this announcement, the authorised share capital of the Company amounted to HK\$20,000,000 divided into 20,000,000,000 Existing Shares with a par value of HK\$0.001 each, of which 7,824,994,432 Existing Shares have been allotted and issued as fully paid or credited as fully paid.

Upon the Share Consolidation becoming effective, the authorised share capital of the Company shall become HK\$20,000,000 divided into 2,000,000,000 Consolidated Shares with a par value of HK\$0.01 each, of which 782,499,443 Consolidated Shares will be in issue assuming no Shares are repurchased by the Company and no Options exercised from the date hereof until the effective date of the Share Consolidation. The Consolidated Shares will rank pari passu in all respects with each other in accordance with the Company’s memorandum and articles of association.

With respect to outstanding Options granted by the Company, please refer to the section headed “Proposed Share Consolidation – Adjustments in relation to the outstanding Options” in this announcement.

Conditions of the proposed Share Consolidation

The proposed Share Consolidation is conditional on:

- (a) the passing by the Shareholders of an ordinary resolution to approve the Share Consolidation at the EGM;
- (b) the listing division of the Stock Exchange granting the listing of, and the permission to deal in, the Consolidated Shares; and

- (c) the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required in respect of the Share Consolidation, if any.

Subject to the fulfilment of the above conditions, it is expected that the Share Consolidation will become effective on 23 April 2018, which is the next Business Day immediately following the date of the EGM.

Application for the listing of the Consolidated Shares

An application will be made by the Company to the listing division of the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS.

None of the Existing Shares is listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becoming effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal in is being or is proposed to be sought.

Fractional entitlement to Consolidated Shares

Fractional Consolidated Shares, if any, arising from the Share Consolidation, will not be allotted to the Shareholders, but will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Shares regardless of the number of share certificates held by such holder.

Exchange of Share certificates

Subject to the Share Consolidation becoming effective, which is expected to be at 9:00 a.m. on 23 April 2018, the Shareholders may, from 23 April 2018 to 31 May 2018 (both days inclusive), submit certificates of the Existing Shares (which is in yellow colour) to the Registrar to exchange, at the expense of the Company, for new certificates of the Consolidated Shares (on the basis of ten (10) Existing Shares for one (1) Consolidated Share) (which will be in green colour). Thereafter, certificates of Shares will remain effective as documents of title but will be accepted for exchange only on payment of a fee of HK\$2.5 (or such higher amount as may from time to time be allowed or not prohibited under the GEM Listing Rules) each by Shareholders to the Registrar.

Board lots

The existing board lot of 10,000 Shares will remain unchanged upon the Share Consolidation becoming effective. The value of the current board lot, based on the closing price of HK\$0.034 per Existing Shares as at the last trading day before date of this announcement, was HK\$340. Upon the Share Consolidation becoming effective, the expected value of each board lot of 10,000 Consolidated Shares, based solely on the closing price of the Existing Shares as at the last trading day before date of this announcement, is expected to be HK\$3,400.

Arrangement on odd lots trading

In order to facilitate the trading of odd lots of the Consolidated Shares arising from the Share Consolidation, the Company will appoint a brokerage firm to stand in the market to provide matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares during the period from 9:00 a.m. on 8 May 2018 to 4:00 p.m. on 29 May 2018 (both days inclusive).

Holders of odd lots of Consolidated Shares should note that the matching of the sale and purchase of odd lots of Consolidated Shares is not guaranteed. Shareholders are also recommended to consult with their professional advisers if they are in any doubt regarding the arrangement on odd lots trading.

Trading Arrangement for the Consolidated Shares

Subject to the Share Consolidation becoming effective, the arrangements for dealing in the Consolidated Shares are expected to be as follows:

- (a) from 9:00 a.m. on Monday, 23 April 2018, the original counter for trading in the Existing Shares in board lots of 10,000 Existing Shares will be temporarily closed and a temporary counter for trading in the Consolidated Shares in board lot of 1,000 Consolidated Shares (in the form of existing Share certificates) will be set up and opened;
- (b) from 9:00 a.m. on Tuesday, 8 May 2018, the original counter for trading in the Consolidated Shares in board lot of 10,000 Consolidated Shares (in the form of new Share certificates) will be re-opened;
- (c) during the period from Tuesday, 8 May 2018 to Tuesday, 29 May 2018 (both dates inclusive), there will be parallel trading at the above two counters; and

- (d) the temporary counter for trading in board lot of 1,000 Consolidated Shares (in the form of existing Share certificates) will be closed after the close of trading at 4:00 p.m. on Tuesday, 29 May 2018. Thereafter, trading will only be in board lots of 10,000 Consolidated Shares in the form of new Share certificates representing the Consolidated Shares while the existing Share certificates for the Existing Shares will cease to be marketable and will not be acceptable for dealing and settlement purposes. However, such certificates will remain effective as documents of title on the basis of ten (10) Existing Shares for one (1) Consolidated Share.

Adjustments in relation to the outstanding Options

As at the date of this announcement, there were outstanding Options granted under the Share Option Scheme entitling the holders thereof to subscribe for up to an aggregate of 403,200,000 Existing Shares. The exercise price(s) applicable to all such Options will be adjusted as a result of the Share Consolidation by a factor which the Company's auditors certify as being, in their opinion, to be fair and reasonable. Assuming there is no other adjustment event under the Share Option Scheme other than the proposed Share Consolidation becoming effective, the outstanding Options will entitle holders thereof to subscribe for up to 40,320,000 Consolidated Shares. The Company will make a further announcement after it has received confirmation from its auditors.

As at the date of this announcement, save for the above, the Company has no other outstanding options, convertible securities options or warrants in issue which confer any rights to subscribe for, convert or exchange into, any Existing Shares or Consolidated Shares, as the case may be.

Reasons for the Proposed Share Consolidation

Pursuant to Rule 17.76 of the GEM Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of its securities. Also, the "Guide of Trading Arrangements for Selected Types of Corporate Actions" issued by Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 3 March 2014 states that (i) market price of the Shares at a level less than HK\$0.1 will be considered as trading at extremity as referred to under Rule 17.76 of the GEM Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected board lot value per board lot should be greater than HK\$2,000. In view of the recent trading prices of the Shares at a level less than HK\$0.1 and the board lot value being less than HK\$2,000 each, the Board considers that the Share Consolidation would enable the Company to avoid the market price of the Shares being traded near the extremities as prescribed under the GEM Listing Rules. It is also believed that the adjusted share price as a result of the Share Consolidation will enhance the corporate image of the Company so as to make investing in the Company more attractive to a broader range of investors.

The Group may consider fund raising activities after the proposed Share Consolidation to support it in exploring potential business opportunities and also replenishing its general working capital. Save for the foregoing, the Group currently does not have any plan, and has not entered into any agreement or arrangement to carry out any other corporate action in the twelve months immediately following the date of this announcement.

Accordingly, the Directors consider that the Share Consolidation to be beneficial to and in the interests of the Company and the Shareholders as a whole.

Expected Timetable

Event	Date
Despatch of the circular together with the notice and form of proxy of the EGM	On or before 29 March 2018
Latest date and time for lodging transfer documents.	4:30 p.m. on 16 April 2018
Closure of register of members.	from 17 April 2018 to 20 April 2018 (both days inclusive)
Latest date and time for lodging form of proxy for the EGM.	11:00 a.m. on 18 April 2018
Expected date and time of the EGM	11:00 a.m. on 20 April 2018
Announcement of the poll results of the EGM	20 April 2018

The following events are conditional on the results of the EGM and therefore the dates are tentative:

Effective date for the Share Consolidation	23 April 2018
First day of free exchange of existing certificates for new Share certificates for the Consolidated Shares	23 April 2018
Dealing in the Consolidated Shares commences	9:00 a.m. on 23 April 2018
Original counter for trading in the Existing Shares in board lot of 10,000 Shares temporarily closes	9:00 a.m. on 23 April 2018
Temporary counter for trading in the Consolidated Shares in board lot of 1,000 Consolidated Shares (in the form of existing Share certificates) opens	9:00 a.m. on 23 April 2018

Event	Date
Original counter for trading in the Consolidated Shares in board lot of 10,000 Consolidated Shares (in the form of new Share certificates) re-opens	9:00 a.m. on 8 May 2018
Parallel trading in the Consolidated Shares in the form of new Share certificates and existing Share certificates commences	9:00 a.m. on 8 May 2018
Designated broker starts to stand in the market to provide matching services for odd lots of Consolidated Shares	9:00 a.m. on 8 May 2018
Temporary counter for trading in board lot of 1,000 Consolidated Shares (in the form of existing Share certificates) closes	4:00 p.m. on 29 May 2018
Parallel trading in Consolidated Shares in the form of new Share certificates and existing Share certificates closes	4:00 p.m. on 29 May 2018
Designated broker ceases to stand in the market to provide matching services for odd lots of Consolidated Shares	4:00 p.m. on 29 May 2018
Free exchange of existing Share certificates for new Share certificates ends.	4:00 p.m. on 31 May 2018

PROPOSED CHANGE OF COMPANY NAME

As disclosed in the 25 October Announcement, the Board proposed to change the English name of the Company from “King Force Group Holdings Limited” to “Bei Dou Group Holdings Limited” and the Chinese name of the Company from “冠輝集團控股有限公司” to “北斗集團控股有限公司”. However, since the name 北斗集團控股有限公司 had been registered by a third party, the Board currently proposes to change the English name of the Company from “King Force Group Holdings Limited” to “Bei Dou Technology Group Holdings Limited” and the Chinese name of the Company from “冠輝集團控股有限公司” to “北斗科技集團控股有限公司”.

Conditions of the proposed Change of Company Name

The proposed Change of Company Name will be subject to the fulfilment of the following conditions:

- (a) the passing of a special resolution by the Shareholders to approve the proposed Change of Company Name at the EGM; and
- (b) the Registrar of Companies in the Cayman Islands approving the use of the proposed new name for the Company.

Subject to the satisfaction of the above conditions, the proposed Change of Company Name will take effect from the date of entry of the new name of the Company on the register maintained by the Registrar of Companies in the Cayman Islands in place of the existing name. The Company will then carry out all necessary filing procedures with the Registrar of Companies in Hong Kong regarding the Change of Company Name thereafter.

Reasons for the proposed Change of Company Name

The Board considers that the proposed new name of the Company will help to explore the existing and potential businesses of the Company (including its e-Education and security services) and strengthen its corporate image after the completion of the acquisition of China Bei Dou Communications Technology Group Limited, which the Board believes will benefit the Company's future business development. The Group intends to continue carrying out its manned security guarding service under the "King Force" brand name. The Board is of the opinion that the proposed Change of Company Name is in the interests of the Company and the Shareholders as a whole.

Effects of the Proposed Change of Company Name

The proposed Change of Company Name will not affect any of the rights of the Shareholders or the Company's daily business operation and its financial position.

All existing share certificates in issue bearing the existing name of the Company shall continue to be evidence of title to such securities, and the existing share certificates will continue to be valid for trading, settlement and registration purposes subject to the effects of the Share Consolidation to these share certificates as set out in the section headed "Proposed Share Consolidation – Exchange of Share Certificates" in this announcement.

Other than the exchange of the share certificates in connection with the Share Consolidation, there will not be any separate arrangements for free exchange of the existing share certificates of the Company for new share certificates under the new name of the Company. New share certificates of the Company will be issued under the new name of the Company after the proposed Change of Company Name has become effective.

Subject to the confirmation of Stock Exchange, the English and Chinese stock short names of the Company for trading in the shares of the Company on the Stock Exchange will also be changed after the proposed Change of Company Name has become effective. An announcement will be made in this connection in due course.

GENERAL

The proposed Share Consolidation and the proposed Change of Company Name will be proposed at the EGM for the Shareholder's consideration, and, if thought fit, approval. A circular in relation to the EGM containing, among others, further details of the proposed Share Consolidation, the proposed Change of Company Name and the notice convening the EGM is expected to be despatched to the Shareholders on or before 29 March 2018.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions shall have the following meanings:

“25 October Announcement”	the announcement by the Company dated 25 October 2017 in relation to the proposed changed of Company name;
“Board”	the board of Directors;
“Business Day(s)”	any day (other than a Saturday or Sunday or public holiday) on which banks in Hong Kong are generally open for the transaction of normal business;
“Change of Company Name”	the proposed change of the English name of the Company from “King Force Group Holdings Limited” to “Bei Dou Technology Group Holdings Limited” and the Chinese name of the Company from “冠輝集團控股有限公司” to “北斗科技集團控股有限公司”;
“Company”	King Force Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the GEM;
“CCASS”	the Central Clearing and Settlement System established and operated by the Hong Kong Securities Clearing Company Limited;
“Consolidated Share(s)”	ordinary Shares with a par value of HK\$0.01 each in the share capital of the Company after the Share Consolidation becoming effective;
“Director(s)”	the director(s) of the Company;
“EGM”	the extraordinary general meeting of the Company to be held on Friday, 20 April 2018 to approve the proposed Share Consolidation and the proposed Change of Company Name;

“Existing Share(s)”	ordinary Share(s) with a par value of HK\$0.001 each in the share capital of the Company prior to the Share Consolidation having become effective;
“GEM”	GEM of the Stock Exchange;
“GEM Listing Rules”	the Rules governing the Listing of Securities on the GEM;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“HKSCC”	The Hong Kong Securities Clearing Company Limited;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Option(s)”	the options granted or proposed to be granted by the Company to the grantees under the Share Option Scheme to subscribe for Shares;
“Registrar”	Tricor Investor Services Limited, the address of which is at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong;
“Share(s)”	the Existing Share(s) or the Consolidated Share(s), as the case maybe;
“Share Consolidation”	the proposed consolidation of every ten (10) Existing Shares with a par value of HK\$0.001 each in the issued and unissued share capital of the Company into one (1) Consolidated Share with a par value of HK\$0.01 each in the issued and unissued share capital of the Company;
“Share Option Scheme”	the share option scheme adopted by the Company on 31 July 2014;
“Shareholder(s)”	holder(s) of Share(s);

“Stock Exchange”

The Stock Exchange of Hong Kong Limited; and

“%”

per cent.

* *for identification purposes only*

By Order of the Board of
King Force Group Holdings Limited
Chen Yunchuo
Chairman and Executive Director

Hong Kong, 16 March 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.