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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)**

### **PROFIT WARNING**

This announcement is made by King Force Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10 of the Rules (the “**GEM Listing Rules**”) Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined under the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders (the “**Shareholders**”) of the Company and potential investors that, based on the information currently available to the Board, the preliminary review of the latest unaudited consolidated management accounts of the Company for the year ended 31 March 2018 (the “**Reporting Period**”), the Group is expected to record a decrease in revenue of approximately 24% as compared with the same period last year. The Board considers the primary reason for such decrease was a decrease in the number of manned security guarding service contracts that had been entered into by the Group as a result of keen competition in the market.

In addition, the Group is also expected to record a significant loss attributable to owners of the Company for the Reporting Period as compared with the profits recorded in the same period last year, such loss being primarily attributable to: (i) the decrease in the Group’s revenue; (ii) the Group’s share of loss of its associated company during the Reporting Period as compared with the share of profits in the same period last year, which was due to a drop in turnover and higher operating costs of the associated company during the Reporting Period; (iii) the increase in administrative expenses, including the increase in amortisation of intangible assets and staff costs (including share option expenses recognised) during the Reporting Period; (iv) the decrease in other incomes during the Reporting Period, which was due to an absence of the recognition of fair value gain of approximately HK\$13 million on contingent consideration payable (representing the consideration shares to be issued to Magn Group Limited); and (v) the recognition of written off and/or impairment loss of certain intangible assets (including the franchise of Bei Dou Qualification and certain mobile game licenses).

As at the date of this announcement, the Company is still in the course of finalising the Group's annual consolidated results of the Reporting Period. The information contained in this announcement is only based on the information currently available and the preliminary review on the latest unaudited consolidated management accounts of the Company, which is subject to finalisation and other adjustments and have not been confirmed, reviewed or audited by the Company's auditor.

Shareholders and potential investors are advised to peruse the financial results for the Reporting Period with care when it is released. The annual results announcement of the Company for the Reporting Period shall prevail over the information contained herein, and will be published in June 2018 pursuant to the requirements of the GEM Listing Rules.

Reference is made to the joint announcement dated 27 April 2018 (the “**Joint Announcement**”) jointly made by the Company as the offeree company and Greatwall Holding Limited (the “**Offeror**”) in relation to the mandatory conditional cash offer to be made by Emperor Securities Limited for and on behalf of the Offeror for all the issued shares of the Company (other than those already owned by the Offeror and parties acting in concert (as defined in the Hong Kong Code on Takeovers and Mergers (the “**Takeovers Code**”) with it) and to cancel all outstanding share options of the Company (the “**Offers**”) pursuant to Rule 26.1 and Rule 13 of the Takeovers Code.

With the publication of the Joint Announcement, the offer period has commenced on 27 April 2018. Pursuant to Rule 10 of the Takeovers Code, the profit warning constitutes a profit forecast and must be reported on by the Company's financial adviser and auditors, and their reports must be included in the document addressed to shareholders in connection with the Offers. When the profit warning is made in an announcement, that announcement must contain a statement that the profit warning has been reported on in accordance with the Takeovers Code and the reports have been lodged with the Executive (as defined in the Takeovers Code). If a company's profit warning is published first in an announcement, it must be repeated in full, together with the reports, in the next document sent to the Shareholders.

Since this announcement is required to be made pursuant to Rule 17.10 of the GEM Listing Rules and Part XIVA of the SFO, which require the Company to issue this announcement as soon as practicable and given the time constraints, the Company has encountered genuine practical difficulties (time-wise or otherwise) in meeting the requirements set out in Rule 10.4 of the Takeovers Code.

The Company would like to draw the attention of the Shareholders and potential investors of the Company that this profit warning does not meet the standard required under Rule 10 of the Takeovers Code. This profit warning is normally required to be separately reported on by the Company's financial adviser and its auditor or reporting accountant and such report should be contained in the next document to be issued by the Company to the Shareholders. However, in the event that the Company publishes its

results announcement for the Reporting Period (to which this profit warning relates) prior to the issue of the next document to the Shareholders and the relevant results together with the notes to the financial statement are included in such document, the Company will no longer be required under the Takeovers Code to include such reports by its financial adviser and its auditor or reporting accounting in the next document to the Shareholders. If the next document to Shareholders is despatched before the results announcement for the Reporting Period is published, this profit warning will be reported on in accordance with Rule 10 of the Takeovers Code.

**Warning: This profit warning does not meet the standard required by Rule 10 of the Takeovers Code. Shareholders and potential investors of the Company are advised to exercise caution in placing reliance on this profit warning in assessing the merits and demerits of the Offers and dealing in the securities of the Company.**

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

Hong Kong, 16 May 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 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.*

*The Directors also jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for a minimum period of 7 days from the date of its publication and on the Company’s website at [www.kingforce.com.hk](http://www.kingforce.com.hk).*