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King Force Security Holdings Limited

冠輝保安控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 08315)

PROPOSED SHARE SUBDIVISION AND CHANGE OF BOARD LOT SIZE

The Board wishes to put forward to the Shareholders a proposal of Share Subdivision on the basis that every one (1) existing issued and unissued Share of HK\$0.01 each in the share capital of the Company be subdivided into ten (10) Subdivided Shares of HK\$0.001 each.

The Share Subdivision will become effective after the conditions set out in the paragraph headed “Conditions of the Share Subdivision” below are fulfilled. All Subdivided Shares will rank pari passu with each other in all respects and the Share Subdivision will not result in any change in the relative rights of the Shareholders.

The Board proposes that subject to and upon the Share Subdivision becoming effective, the board lot size will be changed from 8,000 Shares to 10,000 Subdivided Shares.

A circular containing further details on the Share Subdivision together with a notice of EGM will be despatched to the Shareholders as soon as practicable.

PROPOSED SHARE SUBDIVISION AND CHANGE OF BOARD LOT SIZE

The Board proposes that every one (1) issued and unissued Share of HK\$0.01 each in the share capital of the Company be subdivided into ten (10) Subdivided Shares of HK\$0.001 each.

Conditions of the Share Subdivision

The Share Subdivision is conditional upon the following conditions:

- (i) the passing of the ordinary resolution by the Shareholders to approve the Share Subdivision at the EGM; and
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subdivided Shares to be in issue upon the Share Subdivision becoming effective.

The Share Subdivision will become effective on the next Business Day after the conditions of the Share Subdivision above are fulfilled.

Effects of the Share Subdivision

As at the date of this announcement, the authorised share capital of the Company is HK\$20,000,000 divided into 2,000,000,000 Shares of par value of HK\$0.01 each, of which 640,000,000 Shares have been allotted and issued as fully paid or credited as fully paid. Upon the Share Subdivision becoming effective and on the basis that no further Shares will be allotted and issued or repurchased prior thereto, the authorised share capital of the Company will remain at HK\$20,000,000 but will be subdivided into 20,000,000,000 Subdivided Shares of par value of HK\$0.001 each, of which 6,400,000,000 Subdivided Shares will be in issue.

Upon the Share Subdivision becoming effective, the Subdivided Shares shall rank *pari passu* in all respects with each other in accordance with the articles of association of the Company.

Other than the expenses, including professional fees and printing charges, to be incurred in relation to the Share Subdivision, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or result in any change in the rights of the Shareholders.

Listing application

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Subdivided Shares to be in issue upon the Share Subdivision becoming effective. All necessary arrangements will be made for the Subdivided Shares to be admitted into the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited.

Change of board lot size

The Shares are currently traded on the Stock Exchange in board lot size of 8,000 Shares each. The Board proposes that subject to and upon the Share Subdivision becoming effective, the board lot size will be changed from 8,000 Shares to 10,000 Subdivided Shares. The change of board lot size will not affect any of the relative rights of the Shareholders.

Reasons for the Share Subdivision

The Share Subdivision will increase the total number of shares in issue and correspondingly reduce the trading price of each share in the Company so that the market value per board lot of shares in the Company can be reduced to appeal to more investors. Based on the closing price of HK\$4.85 per Share as quoted on the Stock Exchange on the last trading day immediately before the date of this announcement, the market value per board lot of 8,000 Shares is HK\$38,800. The estimated market

value per new board lot of 10,000 Subdivided Shares will be theoretically reduced to HK\$4,850 immediately upon the Share Subdivision becoming effective. The Board is of the view that the increase in number of shares of the Company together with the reduction in the trading price as a result of the Share Subdivision may improve the trading liquidity of the Subdivided Shares. Accordingly, the Board considers that the Share Subdivision is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Odd lot arrangements

In order to facilitate the trading of odd lots (if any) of the Subdivided Shares, the Company has appointed Astrum Capital Management Limited as an agent to provide matching service, on a best effort basis, for the sale and purchase of odd lots of the Subdivided Shares arising from the Share Subdivision. Details of such arrangement will be set out in the circular in relation to the Share Subdivision to be despatched to the Shareholders.

Exchange of share certificates

Should the Share Subdivision become effective, Shareholders may, during the period from 17 August 2015 (Monday) to 23 September 2015 (Wednesday) (both days inclusive), submit existing certificates in blue for the Shares to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited ("Share Registrar") of Level 22 Hopewell Centre 183 Queen's Road East Hong Kong for exchange, at the expense of the Company, for new share certificates for the Subdivided Shares. It is expected that the new certificates for the Subdivided Shares will be available for collection within 10 Business Days from the submission of the existing share certificates to the Share Registrar for exchange. Thereafter, certificates for existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be allowed by the Stock Exchange) for each certificate for the Subdivided Shares issued or each certificate for the Shares submitted for cancellation, whichever the number of certificates involved is higher. Existing certificates for the Shares will cease to be good for delivery but will continue to be good evidence of legal title and may be exchanged for certificates for the Subdivided Shares at any time at the expense of the Shareholders.

EXPECTED TIMETABLE

The expected timetable of the proposed Share Subdivision is as follows:

2015

Despatch date of circular of the EGM On or around Thursday, 30 July

Latest time for lodging the form of proxy for the EGM 11:30 a.m. on Wednesday, 12 August

Date and time of the EGM. 11:30 a.m. on Friday, 14 August

Publication of announcement on poll results of the EGM Friday, 14 August

Effective date of the share subdivision Monday, 17 August

Dealing in the subdivided shares commence 9:00 a.m. on Monday, 17 August

Original counter for trading in existing shares
in board lots of 8,000 shares temporarily closes. 9:00 a.m. on Monday, 17 August

Temporary counter for trading in board lots of 80,000
subdivided shares (in form of existing share certificates) opens. 9:00 a.m. on Monday, 17 August

First day of free exchange of existing share certificates
for the new share certificates for the subdivided shares Monday, 17 August

Original counter for trading in subdivided shares
in new board lots of 10,000 subdivided shares
(in the form of new share certificates) re-opens. 9:00 a.m. on Monday, 31 August

Parallel trading in subdivided shares (in the forms of
existing share certificates and new share certificates) commences. . . . 9:00 a.m. on Monday, 31 August

Designed broker starts to stand in the market to provide
matching services for odd lots of the subdivided shares. 9:00 a.m. on Monday, 31 August

Temporary counter for trading in board lots of 80,000
subdivided shares (in the form of existing
share certificates) closes 4:00 p.m. on Monday, 21 September

Parallel trading in subdivided shares (in the forms of
existing share certificates and new share certificates) ends 4:00 p.m. on Monday, 21 September

Designed broker ceases to stand in the market to provide
matching services for odd lots of the subdivided shares. 4:00 p.m. on Monday, 21 September

Last day of free exchange of existing share certificates for the shares
for new share certificates for the subdivided shares ends. Wednesday, 23 September

GENERAL

An EGM will be convened and held to approve the Share Subdivision in which an ordinary resolution to approve the Share Subdivision will be proposed. No Shareholders will be required to abstain from voting at the EGM.

The Circular containing, among other things, further details of the Share Subdivision, including the trading arrangement in respect of the Subdivided Shares, together with the notice of the EGM, will be despatched to the Shareholders as soon as practicable.

DEFINITIONS

“Board”	the board of Directors
“Business Day(s)”	a day on which the Stock Exchange is open for business of dealing in securities
“Company”	King Force Security Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Growth Enterprise Market of the Stock Exchange
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held to consider the ordinary resolution to be proposed to approve the Share Subdivision
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Share Subdivision”	the proposed subdivision of every one (1) issued and unissued Share into ten (10) Subdivided Shares of HK\$0.001 each
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subdivided Shares”

subdivided ordinary shares of HK\$0.001 each in the issued and unissued share capital of the Company upon completion of the Share Subdivision

By order of the Board
King Force Security Holdings Limited
Fu Yik Lung
Chairman and Executive Director

Hong Kong, 15 July 2015

As at the date of this announcement, the executive Directors are Mr. Fu Yik Lung, Ms. Liu Lai Ying, Ms. Chung Pui Yee Shirley and Mr. Zhang Chengzhou; and the independent non-executive Directors are Ms. Au Man Yi, Professor Lam Sing Kwong, Simon and Mr. Ong Chi King.

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.

This announcement will remain on the Stock Exchange’s website (www.hkexnews.hk) and will also be published on the Company’s website (www.kingforce.com.hk).