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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)

DISCLOSEABLE AND CONNECTED TRANSACTION PROVISION OF LOAN

PROVISION OF LOAN

The Board announces that on 22 July 2016 (after trading hours), the Lender, an indirect wholly-owned subsidiary of the Company, entered into the Loan Agreement with the Borrower, an associate of the Company. Pursuant to the Loan Agreement, the Lender has agreed to grant the Loan Facility to the Borrower with a principal amount of HK\$5,000,000, bearing interest at a rate of 6% per annum for a term of two years from the date of the Loan Agreement.

GEM LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Chen Yunchuo, an executive Director and a substantial Shareholder of the Company, indirectly holds more than 10% interest in the Borrower whilst the Company indirectly holds 45% interest in the Borrower. Accordingly, the Borrower is a commonly held entity for the purpose of Rule 20.25 of the GEM Listing Rules and the grant of Loan Facility constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules. As all the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the grant of the Loan Facility exceed 0.1% but less than 25% and the total value of the Loan Facility plus any monetary advantage to the Borrower is less than HK\$10 million, the Loan Agreement is subject to the reporting and announcement requirements but exempt from the circular and independent shareholders' approval requirements pursuant to Rule 20.74(2)(b) of the GEM Listing Rules.

As one of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the grant of the Loan Facility exceeds 5% but all the percentage ratios are less than 25%, the grant of the Loan Facility constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

PROVISION OF LOAN

The Board announces that on 22 July 2016 (after trading hours), the Lender, an indirect wholly-owned subsidiary of the Company, entered into the Loan Agreement with the Borrower, an associate of the Company.

The principal terms of the Loan Agreement are as follows:

THE LOAN AGREEMENT

Date	:	22 July 2016
Lender	:	Guanhui Huyu Technology (Hong Kong) Limited, an indirect wholly-owned subsidiary of the Company
Borrower	:	Magn Investment Limited, an associate company indirectly owned as to 45% by the Company
Security	:	Unsecured
Principal	:	HK\$5,000,000
Term	:	Two years from the date of the Loan Agreement
Interest	:	6% per annum, payable annually on 21 July 2017 and 21 July 2018
Repayment	:	Upon expiration of the term, the Borrower must fully repay to the Lender the principal amount of the Loan Facility together with the interest accrued and all other monies payable (if any)

FUNDING OF THE LOAN FACILITY

The Group will finance the Loan Facility with its internal resources.

INFORMATION OF THE GROUP, THE LENDER AND THE BORROWER

The Group engages in the provision of manned security guarding services in Hong Kong and mobile game business.

The Lender is an indirect wholly-owned subsidiary of the Company and is principally engaged the distribution of mobile games outside the PRC.

The Borrower is an investment holding company of 新動傳媒(中國)有限公司 (MAGN Media (China) Co., Limited*), which is principally engaged in (i) the research and development of computer and mobile software, including security software, advertisement sale management software, gaming platform

operation software, payment software and office software, and (ii) through the variable interest entities contracts, operation of gaming products. As at the date of this announcement, the Borrower is held as to 45% and 55% by the Company and Magn Group Limited, a company indirectly controlled by Mr. Chen Yunchuo.

REASONS FOR AND BENEFITS OF THE PROVISION OF THE FINANCIAL ASSISTANCE

The Directors consider that the provision of the Loan Facility will facilitate the business development of the Borrower, the results of which will be shared in the consolidated accounts of the Company.

The terms of the Loan Agreement were negotiated on an arm's length basis between the Lender and the Borrower. Taking into account the cash inflow and revenue to be generated from the expected interest income in connection with the Loan Facility, the Directors (including all the independent non-executive Directors) are of the view that the terms of the Loan Agreement were entered into on normal commercial terms and is in the ordinary and usual course of business of the Group which are fair and reasonable and in the interests of the Company and its Shareholders as a whole. As Mr. Chen Yunchuo, an executive Director, has material interest in the Loan Agreement and the transactions contemplated thereunder due to his indirect interest in the Borrower, he has abstained from voting on the relevant board resolutions of the Company. Save for Mr. Chen Yunchuo, none of the Directors has a material interest in the Loan Agreement and is required to abstain from voting on the relevant board resolutions.

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As one of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the grant of the Loan Facility exceeds 5% but all the percentage ratios are less than 25%, the grant of the Loan Facility constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Borrower”	Magn Investment Limited, a company incorporated in Hong Kong with limited liability and an associate of the Company, being the borrower under the Loan Agreement
“Company”	King Force Group Holdings Limited, a company incorporated in the Cayman Islands and the issued shares of which are listed on the GEM
“Director(s)”	director(s) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lender”	Guanhui Huyu Technology (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company, being the lender under the Loan Agreement
“Loan Agreement”	the loan agreement dated 22 July 2016 entered into between the Lender and the Borrower in respect of the Loan Facility
“Loan Facility”	HK\$5,000,000 provided by the Lender to the Borrower pursuant to the terms of the Loan Agreement
“PRC”	the people’s Republic of China, and for the purpose of this announcement excluding Hong Kong, the Macau Special Administrative Region, and Taiwan.
“Share(s)”	share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“%”

per cent

By order of the Board
King Force Group Holdings Limited
Fu Yik Lung
Chairman

Hong Kong, 22 July 2016

As at the date of this announcement, the executive directors of the Company are Mr. Fu Yik Lung, Ms. Chung Pui Yee Shirley, Mr. Li Mingming and Mr. Chen Yunchuo; and the independent non-executive directors of the Company are Ms. Au Man Yi, Mr. Ong Chi King and Mr. Xiong Hong.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) 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 Stock Exchange’s website at www.hkexnews.hk 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.

* For identification purpose only