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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)**

## **FURTHER ANNOUNCEMENT IN RELATION TO THE ACQUISITION OF 100% OF THE ISSUED SHARE CAPITAL OF CHINA BEI DOU COMMUNICATIONS TECHNOLOGY GROUP LIMITED PURSAUNT TO RULES 19.60A AND 19.62 OF THE GEM LISTING RULES**

Reference is made to the announcements (the “**Announcements**”) of King Force Group Holdings Limited (the “**Company**”) dated 19 October 2016 and 9 November 2016. Capitalized terms used herein shall have the same meanings as those defined in the Announcements unless the context otherwise requires.

As disclosed in the announcement dated 9 November 2016, the Valuer engaged by the Company issued the Valuation Report on 8 November 2016 on the value in use of the 100% interest in Bei Dou Zhongshan as at 31 August 2016. In the Valuation Report, the Valuer has applied the discounted cash flow method to determine the fair market value of a 100% equity interest in Bei Dou Zhongshan as HK\$86,600,000 as at 31 August 2016. As the Target Company owns around 59.5% equity interest (the “**Acquisition Interest**”) in Bei Dou Zhongshan, the market value of the Acquisition Interest amounts to HK\$51,527,000 pursuant to the Valuation Report, which is HK\$ 357,000 higher than the Consideration of HK\$51,170,000 of the Acquisition. As such, the Board is of the view that the Consideration is fair and reasonable.

Bei Dou Zhongshan proposed the profit forecast based on commercial assumptions regarding several aspects of its business. Bei Dou Zhongshan developed an educational information exchange platform (the “**Exchange Platform**”) fully utilizes the Beidou positioning technology, the new information and communication technology, internet and the technology of multimedia education to establish a three-party system among school, family and the Exchange Platform for creating a multi-dimensional interaction among teachers, parents and students. This Exchange Platform provides services such as care and protection, parent-school communications and online education for secondary and primary students.

The Exchange Platform establishes a school-oriented and interactive online education system among teachers, parents and students with four sections, namely teaching content library, online education platform, education evaluation system and security system for providing one-stop teaching service. Based on the marketing strategy of building free educational platform for schools, we aimed to retain our target users by providing free and long-term services such as parent-school communications, lesson planning, synchronized online learning and school management for schools, teachers, students and parents. By offering teaching resources of good quality and good user-experiences via the Exchange Platform, Bei Dou Zhongshan aims to attract the end users to become the paid users in order to record a profit.

Until the date hereof, Bei Dou Zhongshan has signed cooperation agreement with two secondary schools and one primary school in Zhongshan City. The total number of students in the three schools is around 6,500 (the “**Students**”) and the total number of parents of the Students is around 9,700 (the “**Parents**”). The paid services provided by Bei Dou Zhongshan to the Students, the Parents and potential customers including but not limited to the following services:

### 1. **Campus card**

Campus card is one of the paid service which will be provided by Bei Dou Zhongshan (the “**Campus Card**”). Campus Card is an identity and pass card for students to use in campus with features such as reminder of on-time attendance information with attendance report, safety alert of student attendance, one button’s call for absent and campus online payment. These features meet the students’ basic needs and only charge RMB1.50 per month. It is expected that over 85% of the Students are willing to pay for this service.

### 2. **Smart card service**

Bei Dou Zhongshan will also provide the smart card service. This is a care and security service based on development of the terminal application of smart phones. The key functions include campus attendance, positioning, electronic fence, remote monitoring, emergency help, family calls and online learning, which provide a comprehensive care and security service for students at any time. The safety protection for students is an essential service. It is highly likely that parents will pay for this service which charges RMB10.00 per month and it is expected that over 30% of the Parents are willing to pay for it.

### 3. **Student smart phone**

Student smart phone is another product and service developed by Bei Dou Zhongshan (the “**Student Smart Phone**”). This Student Smart Phone is different from ordinary smart phone as it is allowed to be used in the campus. Save as all the features of ordinary smart phones, Student Smart Phone has additional features such as automatic lock screen in campus (which is the core function enabling students to enter their school with mobile phone), position attendance, online learning and care protection services. Currently, most of the schools in PRC do not allow their students to enter the campus with their mobile phones. The Student Smart Phone is designed for students to use in campus as it obtained the approval by the local government. It is expected that over 30% of the Parents are willing to buy the Student Smart Phone for their children.

#### **4. Homework coaching platform**

Bei Dou Zhongshan will also provide a platform for parents coaching their children on the homework. Homework copies with detailed answers and explanations will be sent to parents via the platform, which enables parents to help or supervise their children to finish homework. Parents can help their children finishing homework in a pleasant atmosphere. It is expected that around 30% of the Parents are willing to pay for this service.

#### **5. Online class preparation and revision**

Bei Dou Zhongshan will produce innovative video teaching materials for secondary and primary schools. For students who absent from school or forget what they have learned in class, the platform tutors will send video teaching materials to students for preparation and revision of the class. This service will benefit students who have learning initiatives or who are absent from school. It is expected that around 25% of the Students are willing to pay for this service.

#### **6. Tutor online counselling**

Tutor online counselling is also an online service which will be provided by Bei Dou Zhongshan. This service targets to medium and high-end consumer groups and is not our key promotion goal at the early stage. At the preliminary stage, this project targets to attract public user groups in order to gather users with high stickiness and achieve rapid expansion. Therefore, it is not necessary to launch promotion for medium and high-end consumers at the early stage and there is no revenue budget in the first two years accordingly.

As Bei Dou Zhongshan is providing free services at this preliminary stage to attract more users with high stickiness, it suffered loss as recorded in the financial statements. After Bei Dou Zhongshan starts to provide paid services as mentioned above from around March 2017, it will make profits and the annual growth rate of the business of paid services is expected to be approximately 40% on average as Bei Dou Zhongshan will sign the cooperation agreement with around forty new schools each year on average. The costs and expenses will not exceed RMB20,000,000 for the year of 2017, which mainly include computer hardware expenses and e-education tutor fee. The Board is of the view that the commercial assumptions mentioned above and the Underlying Forecast are fair and reasonable.

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

Hong Kong, 24 November 2016

*As at the date of this announcement, the executive Directors are Mr. Fu Yik Lung, Mr. Li Mingming 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.*

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