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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)

DISCLOSEABLE TRANSACTION IN RELATION TO FORMATION OF JOINT VENTURE

FORMATION OF JOINT VENTURE

The Board is pleased to announce that on 30 September 2015, Shenzhen Jiahonglitian, a wholly-owned subsidiary of the Company, and Shenzhen Weiyouhui entered into the Joint Venture Agreement in relation to the formation of the Joint Venture with a registered capital of RMB10 million. Pursuant to the Joint Venture Agreement, each of the Subscriber and the Issuer will make a capital contribution of RMB5 million and hold 50% equity interest in the Joint Venture.

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under Chapter 19 of the GEM Listing Rules) in respect of the transaction contemplated under the Joint Venture Agreement is more than 5% but less than 25%, the transaction contemplated under the Joint Venture Agreement constitutes a discloseable transaction of the Company under the GEM Listing Rules and is subject to the reporting and announcement requirements but is exempt from the Shareholders' approval requirement under Chapter 19 of the GEM Listing Rules.

FORMATION OF JOINT VENTURE

Reference is made to the announcement (the “**Announcement**”) of the Company dated 16 April 2015 in relation to, among others, the Agreement entered into between the Subscriber, a wholly-owned subsidiary of the Company, and the Issuer. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

As disclosed in the Announcement, completion of the subscription of the New Shares by the Subscriber under the Agreement is subject to, among others, the fulfillment of the conditions precedent that (i) the Subscriber has notified the wholly-owned subsidiary of the Subscriber and Shenzhen Weiyouhui that the Joint Venture Agreement is in form and substance satisfactory to the Subscriber in its absolute discretion;

and (ii) the Joint Venture is duly incorporated in accordance with the Joint Venture Agreement and the relevant laws. Subsequent to the entering of the Agreement, the Subscriber established a wholly-owned subsidiary, 深圳佳宏力天科技開發有限公司 (Shenzhen Jiahonglitian Technology Development Co., Ltd.*) (“**Shenzhen Jiahonglitian**”), in the PRC.

The Joint Venture Agreement

The Board is pleased to announce that on 30 September 2015, Shenzhen Jiahonglitian, and Shenzhen Weiyouhui entered into the Joint Venture Agreement. The principal terms of the Joint Venture Agreement are set out as follows:

Date:

30 September 2015

Parties

(1) Shenzhen Jiahonglitian;

(2) Shenzhen Weiyouhui

To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, Shenzhen Weiyouhui and its respective ultimate beneficial owners are Independent Third Parties.

Capital Contribution

The Joint Venture has a registered capital of RMB10 million, among which Shenzhen Jiahonglitian and Shenzhen Weiyouhui will contribute RMB5 million and RMB5 million, respectively.

The parties shall pay their respective capital contributions in cash on or before 11 August 2045. The capital contribution to be made by Shenzhen Jiahonglitian will be funded by internal resources of the Group.

The capital contribution amount was determined upon the estimated total capital needed for the operation of the Joint Venture after considering, among others, the expense in research and development and the required working capital.

Business Scope

The business scope of the Joint Venture includes technology development of computer software, mobile software and information system, technology consultation, technology transfer maintenance service; system integration, database management, and sale of computer and electronic products.

MANAGEMENT STRUCTURE

The Joint Venture shall have six directors and one supervisor. The directors and supervisor will be nominated by the shareholders of the Joint Venture and be elected and appointed by the shareholders of the Joint Venture at general meeting.

TRANSFER OF EQUITY INTERESTS

The shareholders of the Joint Venture can transfer the equity interests in the Joint Venture among themselves. No transfer of equity interests in the Joint Venture by any shareholder to any third party shall be allowed unless such transfer is approved by a simple majority of the other shareholders. In addition, any transfer of equity interests in the Joint Venture by the People's Court of the PRC pursuant to the enforcement procedures under the relevant PRC laws shall be subject to the right of first refusal of the shareholders of the Joint Venture.

INFORMATION OF THE COMPANY, SHENZHEN JIAHONGLITIAN AND SHENZHEN WEIYOUHUI

The Company is principally engaged in the provision of security guarding services.

Shenzhen Jiahonglitian is an indirect wholly-owned subsidiary of the Company established by the Subscriber in the PRC on 25 June 2015. As at the date of this announcement, it is an investment holding company holding 50% equity interest in the Joint Venture.

Shenzhen Weiyouhui was established in the PRC on 28 April 2014. It is principally engaged in the research and development and sales of computer and mobile software and other information technology solution. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Shenzhen Weiyouhui has a team of more than ten programmers/technicians led by management team with over 10 years of experience. Although none of its products has reached the revenue-generating stage, two of its security guarding and property management software are being practically tested in Shenzhen, the PRC.

Reasons for and benefits of the formation of the Joint Venture

Reference is made to the section headed "Information of the Company and Reasons for and Benefits of the entering of the Agreement" of the Announcement.

As set out in the Announcement, the Directors are of the view that intelligence building automation system is a growing trend in Hong Kong and more and more software and information technology systems are required to be utilized when providing security guarding services to the clients. Therefore, it is essential for the Company to have support from a strong team of programmers in order to further grow our business. The Directors believe that formation of the Joint Venture with a software company like Shenzhen Weiyouhui is the quickest and most cost-efficient way to achieve this.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Joint Venture Agreement are on normal commercial terms and fair and reasonable and the Joint Venture Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under Chapter 19 of the GEM Listing Rules) in respect of the transaction contemplated under the Joint Venture Agreement, is more than 5% but less than 25%, the transaction contemplated under the Joint Venture Agreement constitutes a discloseable transaction of the Company under the GEM Listing Rules and is subject to the reporting and announcement requirements but is exempt from the Shareholders' approval requirement under Chapter 19 of the GEM Listing Rules.

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

Hong Kong, 30 September 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, Mr. Zhang Chengzhou and Mr. Li Mingming; 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 "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*