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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



鼎成證券有限公司
GRANSING SECURITIES CO., LIMITED

GRANSING SECURITIES CO., LIMITED

PLACING OF NEW SHARES

On 7 March 2017 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent agreed to place, on a best effort basis, to not less than six (6) independent Placees for up to 553,153,409 new Shares at a price of HK\$0.022 per Placing Share.

The Placing is conditional upon the listing division of the Stock Exchange granting the listing of and permission to deal in the Placing Shares. If such condition is not fulfilled, the Placing will not proceed.

The Placing Price of HK\$0.022 per Placing Share represents (i) a discount of approximately 15.4% to the closing price of HK\$0.026 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 16.0% to the average of the closing prices per Share of HK\$0.0262 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement.

The maximum number of 553,153,409 Placing Shares represents approximately 7.76% of the entire issued share capital of the Company of 7,126,846,591 Shares as at the date of this announcement and approximately 7.20% of the Company's entire issued share capital as enlarged by the Placing Shares. The net proceeds from the Placing of approximately HK\$11,735,021 (assuming the Placing Shares are fully placed and after all relevant expenses) will primarily be used to develop and promote the Group's mobile gaming business and also to replenish the general working capital of the Group.

As the Placing Agreement may or may not complete, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date

7 March 2017 (after trading hours)

Parties

(a) the Company; and

(b) the Placing Agent

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

Placees

The Placing Shares will be placed to not less than six Placees and their ultimate beneficial owners will be Independent Third Parties.

The Placing Agent represents, warrants and undertakes to the Company that none of the Placees will, upon completion of the Placing, become a substantial Shareholder (as defined in the GEM Listing Rules).

Number of Placing Shares

Up to 553,153,409 new Shares will be placed by the Placing Agent on a best effort basis. Assuming the Placing Shares are fully placed, the Placing Shares represents approximately 7.76% of the entire issued share capital of the Company of 7,126,846,591 Shares as at the date of this announcement and approximately 7.20% of the Company's entire issued share capital as enlarged by the Placing Shares. The nominal value of the Placing Shares is HK\$553,153.409.

Placing Price

The Placing Price is HK\$0.022 per Placing Share. The Placing Price was agreed after arm's length negotiations between the Company and the Placing Agent, with reference to, among other things, the recent trading price of the Shares on the Stock Exchange. The Placing Price represents:

- (i) a discount of approximately 15.4% to the closing price of HK\$0.026 per Share as quoted on the Stock Exchange on 7 March 2017, being the date of the Placing Agreement; and
- (ii) a discount of approximately 16.0% to the average closing price of approximately HK\$0.0262 per Share as quoted on the Stock Exchange for the last 5 full trading days of the Shares immediately prior to the date of the Placing Agreement.

Placing Commission

The Placing Agent will receive a placing commission of 2.5% of the aggregate Placing Price for the Placing Shares successfully placed by the Placing Agent pursuant to its obligations under the Placing Agreement.

Condition Precedent

The Placing and the obligations of the Placing Agent under the Placing Agreement are conditional upon, among others, the listing division of the Stock Exchange granting listing of, and permission to deal in the Placing Shares. Application will be made to the Stock Exchange for approval for the listing of and permission to deal in the Placing Shares. As the Placing Shares will be issued pursuant to the General Mandate, the Placing is not subject to further Shareholders' approval.

Completion

Completion shall take place within five Business Days following the satisfaction of the condition precedent set out above or such other date or place as the Company and the Placing Agent may agree in writing.

If the condition precedent of the Placing is not fulfilled on or before the Long Stop Date, all rights, obligations and liabilities of the Placing Agent and the Company under the Placing Agreement shall cease and determine, and no party to the Placing Agreement shall have any claim against the other (save in respect of any antecedent breach of any obligation under the Placing Agreement).

Termination of the Placing Agreement due to Force Majeure

The Placing Agent may, after consultation with the Company, terminate the Placing Agreement by notice in writing to the Company at any time up to 8:00am on the date of the completion of the Placing if in its reasonable opinion:

- (a) there is any change in national, international, exchange control, political, economic conditions in Hong Kong which would be materially adverse in the consummation of the Placing; or
- (b) there is any breach of the warranties, representations and undertakings given by the Company in the Placing Agreement and such breach is materially adverse in the context of the Placing; or
- (c) there is any material change (whether or not forming part of a series of changes) in market conditions which would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed.

Upon termination of the Placing Agreement for the above reasons, all liabilities of the Company and the Placing Agent under the Placing Agreement shall cease and determine and no party thereto shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Placing Agreement (save in respect of any antecedent breach of any obligation under the Placing Agreement).

FURTHER INFORMATION ABOUT THE PLACING SHARES

General Mandate

The Placing Shares will be issued pursuant to the General Mandate to allot, issue and deal with the Shares granted to the Directors by resolution of the Shareholders passed at the Company's annual general meeting held on 24 August 2016 of up to 1,280,000,000 Shares.

As at the date of this announcement, 726,846,591 Shares had been issued pursuant to the General Mandate and the number of new Shares that could be issued by the Company under the unutilized portion of the General Mandate is 553,153,409 Shares, representing approximately 43.2% of the General Mandate. Assuming that the Placing Shares are fully placed, all of the 1,280,000,000 Shares under the General Mandate would have been allotted and issued.

As the Placing Shares will be issued pursuant to the General Mandate, the Placing is not subject to further Shareholders' approval.

Ranking of Placing Shares

The Placing Shares, when issued and fully paid, will rank *pari passu* among themselves and with Shares in issue at the time of issue and allotment of the Placing Shares.

REASONS FOR ENTERING INTO THE PLACING AGREEMENT AND USE OF PROCEEDS

The Company is an investment holding company and its subsidiaries are principally engaged in manned security guarding services and mobile gaming businesses.

The Directors considered various ways of raising funds and believe that the Placing represents an opportunity to raise capital for the Company to replenish the working capital of the Company and provide funds for the development and promotion of its mobile gaming business. Assuming all the Placing Shares are successfully placed by the Placing Agent, the gross proceeds from the Placing will be approximately HK\$12,169,375. The net proceeds, after deducting the placing commission and other related expenses, will be approximately HK\$11,735,021, representing a net issue price of approximately HK\$0.021 per Placing Share. The net proceeds will primarily be used to develop and promote the Group's mobile gaming business and also to replenish the general working capital of the Group.

The Directors consider that the Placing Agreement is entered into upon normal commercial terms following arm's length negotiation between the Company and the Placing Agent and the terms of the Placing Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

FUND RAISING ACTIVITIES DURING THE PAST TWELVE MONTHS

Except for the acquisition as described in the announcements of the Company dated 19 October 2016, 9 November 2016, 24 November 2016 and 27 January 2017 in relation to the acquisition of 100% of the entire issued share capital of China Bei Dou Communications Technology Group Limited and the announcement of the Company dated 16 December 2016 in relation to the completion of the said acquisition at a total consideration of HK\$51,170,000, pursuant to which 726,846,591 Shares were issued as consideration at an issue price of HK\$0.0704 per Share under the General Mandate, the Company does not have any other equity fund raising activities for the 12 months immediately before the date of this announcement.

EFFECT ON SHAREHOLDING

For illustration purpose, the shareholding structures of the Company as at the date of this announcement and immediately after completion of the Placing (assuming that a maximum number of Placing Shares are placed) are and will be as follows, assuming there is no other change in the shareholding structure of the Company since the date of this announcement up to the completion of the Placing:–

Shareholders	As at the date of this announcement		Immediately after completion of the Placing (Note 1)	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Chen Yun Chuo	1,304,000,000	18.29%	1,304,000,000	16.98%
Public				
– Placees	–	–	553,153,409	7.20%
– Others	5,822,846,591	81.71%	5,822,846,591	75.82%
Total	<u>7,126,846,591</u>	<u>100%</u>	<u>7,680,000,000</u>	<u>100%</u>

Note:

- (1) Assuming no other issue of new shares and no repurchase of existing shares before completion, and the Placing Agent has placed a total of 553,153,409 Placing Shares to the Placee(s).

DEFINITIONS

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

“associate”	has the meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day (other than a Saturday or Sunday or public holiday) on which banks in Hong Kong are generally open for the transaction of normal business
“Company”	King Force Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the GEM
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the 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 the GEM
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company to allot, issue and deal with up to 1,280,000,000 new Shares, being 20% of the Shares then in issue of the capital of the Company as at the date of the annual general meeting on 24 August 2016
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Parties”	parties which are not connected persons of the Company (as defined in the GEM Listing Rules) and are independent of the Company and its connected persons
“Long Stop Date”	being 28 March 2017 (or such other time and date as the Placing Agent and the Company shall agree in writing)
“Placee(s)”	any individual, institutional or other professional investor procured by the Placing Agent to purchase any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of the Placing Shares by the Company, through the Placing Agent, pursuant to the Placing Agreement
“Placing Agent”	Gransing Securities Co., Limited, a licensed corporation licensed to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the placing agreement dated 7 March 2017 entered into between the Placing Agent and the Company in relation to the Placing
“Placing Price”	HK\$0.022 per Placing Share
“Placing Shares”	a maximum of 553,153,409 new Shares to be placed pursuant to the Placing Agreement

“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning attributed to such term in the GEM Listing Rules
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

By Order of the Board of
King Force Group Holdings Limited
Chen Yunchuo

Hong Kong, 7 March 2017

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 of the Company 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 GEM website at www.hkgem.com for at least 7 days from the date of its posting and on the Company’s website at www.kingforce.com.hk.