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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)**

### **INSIDE INFORMATION MEMORANDUM OF UNDERSTANDING IN RELATION TO THE POSSIBLE ACQUISITION**

This announcement is made by the Company pursuant to Rule 17.10 of the GEM Listing Rules and the Inside Information Provisions (as defined under the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board is pleased to announce that on 5 January 2016 (after trading hours), the Vendors and the Purchaser, a wholly-owned subsidiary of the Company, entered into the MOU in relation to the Possible Acquisition of 60% equity interest in the Target Company in consideration of approximately HK\$80,000,000 (subject to downward adjustment), which will be settled in new Shares to be issued to the Vendors at a proposed issue price of HK\$0.5 each.

**The Board wishes to emphasize that the MOU does not create any legally binding obligations on any of the parties to the MOU. As such, the Possible Acquisition may or may not proceed. Shareholders and investors are reminded to exercise caution when dealing in the Shares. The Possible Acquisition, if materialises, may constitute a notifiable transaction for the Company under the GEM Listing Rules.**

Should (i) the Company enter into the Formal Agreement; (ii) decide not to proceed with the transactions contemplated under the MOU; or (iii) there be any material development on the Possible Acquisition, the Company will inform the Shareholders and investors by way of announcement(s) in accordance with the GEM Listing Rules as and when appropriate.

This announcement is made by the Company pursuant to Rule 17.10 of the GEM Listing Rules and the Inside Information Provisions (as defined under the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board is pleased to announce that on 5 January 2016 (after trading hours), the Vendors and the Purchaser, a wholly-owned subsidiary of the Company, entered into the MOU. Principal terms of the MOU are set out as follows:

**Date:** 5 January 2016

**Parties:** the Vendors (as prospective vendors); and  
the Purchaser (as prospective purchaser)

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Vendors is an Independent Third Party.

### **Subject Matter**

Pursuant to the MOU, the Purchaser has indicated its interest in exploring the opportunity to purchase from the Vendors and the Vendors have indicated its interest in exploring the opportunity to sell to the Purchaser in aggregate 60% equity interest in the Target Company (being 30% equity interest in the Target Company from each of the Vendors).

### **Consideration and Profit Guarantee**

It is intended that the indicative consideration for the Possible Acquisition shall be approximately HK\$80,000,000 (subject to downward adjustment), which will be settled by way of issue and allotment of the Consideration Shares at the proposed issue price of approximately HK\$0.5 each within 40 business days after the release of the audited report of the Target Company for the financial year ending 31 March 2017.

It is also intended that the Vendors will guarantee that the net profit of the Target Company for the financial year ending 31 March 2017 will not be less than HK\$20,000,000; any difference which falls short from the actual net profit of the Target Company for the financial year ending 31 March 2017 will be compensated from the Vendors to the Purchaser by deducting such amount from the Consideration. Details of the arrangement will be negotiated between the parties and will be included in the Formal Agreement which is proposed to be entered into between by the parties within 40 days from the date of this announcement or such other date to be agreed between the parties.

### **Exclusivity**

The Vendors, together with their representatives and agents shall not (i) entertain, solicit or encourage, directly or indirectly, any discussions or proposals for; (ii) continue, propose or enter into any discussions or negotiations with respect to; or (iii) enter into any agreement or understanding providing for, any acquisition of the subject matter of the Possible Acquisition with any third party within 40 days from the date of this announcement.

## **Termination**

Unless otherwise extended by the Vendors and the Purchaser, the MOU shall automatically terminate on the earlier of: (i) 40 days from the date of this announcement (or such longer period as the Vendors and the Purchaser may agree); or (ii) the date of the execution of the Formal Agreement. Upon termination of the MOU, the Vendors and the Purchaser shall have no further obligations under the MOU, except as stated in clauses of termination, confidentiality, notices and governing law and jurisdiction which shall survive.

## **Others**

No provision in the MOU is intended to create or constitute any legally binding obligations on any of the parties and neither of the parties shall have any liabilities to each other with respect to the Possible Acquisition.

## **INFORMATION OF THE TARGET COMPANY**

The Target Company is a company established in the PRC and is principally engaged in spa chain management and spa chain software research and development.

## **REASONS FOR AND BENEFITS OF THE POSSIBLE ACQUISITION**

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

The Directors consider that the Possible Acquisition, if materialises, could enable the Group to be benefited from diversifying its revenue stream which is expected to increase its Shareholders' value. Therefore, the Directors are of the view that the entering into the MOU and proceeding with the Possible Acquisition are in the interests of the Company and its Shareholders as a whole.

## **GENERAL**

**The Board wishes to emphasize that the MOU does not create any legally binding obligations on any of the parties to the MOU. As such, the Possible Acquisition may or may not proceed. Shareholders and investors are reminded to exercise caution when dealing in the Shares. The Possible Acquisition, if materialises, may constitute a notifiable transaction for the Company under the GEM Listing Rules.**

Should (i) the Company enter into the Formal Agreement; (ii) decide not to proceed with the transactions contemplated under the MOU; or (iii) there be any material development on the Possible Acquisition, the Company will inform the Shareholders and investors by way of announcement(s) in accordance with the GEM Listing Rules as and when appropriate.

## DEFINITIONS

The following terms have the following meanings when used in this announcement, unless the context otherwise requires:

“Board”	the board of Directors
“Company”	King Force Security Holdings Limited, a company incorporated in the Cayman Islands and the issued shares of which are listed on the GEM
“Consideration”	the indicative consideration of HK\$80,000,000 for the Possible Acquisition which is subject to downward adjustment pursuant to the terms and condition of the Equity Transfer Agreement
“Consideration Share(s)”	the new Shares to be issued to the Vendors at a proposed issue price of HK\$0.5 each as the Consideration for the Possible Acquisition
“Director(s)”	the director(s) of the Company
“Formal Agreement”	the formal agreement proposed to be entered into between the Vendors and the Purchaser in relation to the Possible Acquisition within 40 days from the date of this announcement or such other date to be agreed between the parties
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of the Securities on the 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
“Independent Third Party(ies)”	person(s) or company(ies) which is/are independent of and not connected with any member of the Company, the Directors, chief executive and substantial shareholders of the Company and its subsidiaries and their respective associates (as defined in the GEM Listing Rules)
“MOU”	a non-legally binding memorandum of understanding dated 5 January 2016 entered into between the Vendors and the Purchaser in relation the Possible Acquisition

“Possible Acquisition”	the possible acquisition by the Purchaser of 60% equity interest in the Target Company from the Vendors (i.e. 30% equity interest from each of the Vendors) as indicated under the MOU
“Purchaser”	Loyal Salute Limited, a wholly-owned subsidiary of the Company incorporated in the British Virgin Islands with limited liability and the prospective purchaser under the MOU
“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
“Target Company”	深圳市琉璃時光企業諮詢管理有限公司 (Shenzhen Spa Moment Corporate Consultancy and Management Company Limited*), a company established in the PRC and owned as to 50% by each of the Vendors as at the date of this announcement
“Vendors”	2 PRC residents, being the prospective vendors under the MOU
“%”	per cent

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

Hong Kong, 5 January 2016

*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. Li Mingming and Ms. Chen Xiaoting; 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](http://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](http://www.kingforce.com.hk).*

*\* For identification purpose only*