

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2015

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the “Directors”) of King Force Security Holdings Limited (the “Company” and together with its subsidiaries, the “Group”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM (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.

FINANCIAL HIGHLIGHTS

- Revenue of the Group for the year ended 31 March 2015 amounted to approximately HK\$130.3 million (2014: HK\$111.1 million).
- Profit attributable to the owners of the Company for the year ended 31 March 2015 amounted to approximately HK\$2.9 million (2014: approximately HK\$8.4 million).
- Basic and diluted earnings per share for the year ended 31 March 2015 amounted to approximately HK0.49 cents (2014: HK1.58 cents).
- The Board does not recommend the payment of a final dividend for the year ended 31 March 2015 (2014: nil).

ANNUAL RESULTS

The board (the “Board”) of directors (the “Directors”) of the Company presents the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 March 2015, together with the comparative figures for the year ended 31 March 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2015

	<i>Notes</i>	2015 HK\$'000	2014 <i>HK\$'000</i>
Revenue	5	130,302	111,059
Cost of services rendered		(105,510)	(88,026)
Gross profit		24,792	23,033
Other income	6	484	510
Administrative expenses		(17,003)	(7,747)
Other operating expenses		(3,569)	(3,806)
Profit from operation		4,704	11,990
Finance costs	7	(310)	(1,054)
Profit before income tax	8	4,394	10,936
Income tax expense	9	(1,468)	(2,574)
Profit and total comprehensive income for the year attributable to owner of the Company		2,926	8,362
Earnings per share for profit attributable to owner of the Company			
– Basic and diluted (HK cents)	11	0.49	1.58

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2015

	Notes	2015 HK\$'000	2014 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		11,656	8,023
Intangible asset/an intangible asset under development		1,900	1,600
Investment in a life insurance policy		1,104	1,076
		<u>14,660</u>	<u>10,699</u>
Current assets			
Trade receivables	12	17,563	14,693
Prepayments and deposits		1,575	1,838
Amount due from a director		–	9,680
Tax recoverable		1,250	–
Cash at banks and in hand		33,822	3,415
		<u>54,210</u>	<u>29,626</u>
Current liabilities			
Accrued expenses and other payables		12,217	12,246
Bank borrowings		–	6,286
Obligations under finance leases		–	207
Tax payables		–	1,578
		<u>12,217</u>	<u>20,317</u>
Net current assets		<u>41,993</u>	<u>9,309</u>
Total assets less current liabilities		<u>56,653</u>	<u>20,008</u>
Non-current liabilities			
Obligations under finance leases		–	294
Deferred tax liabilities		885	–
		<u>885</u>	<u>294</u>
Net assets		<u><u>55,768</u></u>	<u><u>19,714</u></u>
EQUITY			
Equity attributable to the Company's owner			
Share capital	13	6,400	8
Reserves		49,368	19,706
Total equity		<u><u>55,768</u></u>	<u><u>19,714</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

1. GENERAL INFORMATION

King Force Security Holdings Limited was incorporated in the Cayman Islands on 2 January 2014 as an exempted company with limited liability under the Company Law of the Cayman Islands. The Company's registered office is located at Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands. The Company's principal place of business is located at Suites 2001-2006, 20th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong.

The Company's shares were listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 20 August 2014.

The principle activity of the Company is investment holding. The principle activities of the Company and its subsidiaries are provision of manned security guarding services and it is licensed to provide security guarding services in Hong Kong under Type I security work in accordance with the Security Company License regime.

The Company's immediate and ultimate holding company is Optimistic King Limited ("Optimistic King"), incorporated in the British Virgin Islands ("BVI").

The consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is the same as the functional currency of the Company and its subsidiaries.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/amended HKFRSs-effective 1 April 2014

In the current year, the Company and its subsidiaries (hereinafter collectively referred to as the "Group") have applied for the first time the following HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are relevant to and effective for the Group's financial statements for the annual year beginning on 1 April 2014:

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
-----------------------	---

The adoption of these amendments has no material impact on the Group's financial statements.

(b) New or amended HKFRSs that have been issued but are not yet effective

The following new or amended HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle ²
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle ¹
HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle ³
Amendments to HKAS 1	Disclosure Initiative ³
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ³
Amendments to HKAS 27	Equity Method in Separate Financial Statements ³
HKFRS 9 (2014)	Financial Instruments ⁵
HKFRS 15	Revenue from Contracts with Customers ⁴

¹ Effective for annual periods beginning on or after 1 July 2014

² Effective for annual periods beginning, or transactions occurring, on or after 1 July 2014

³ Effective for annual periods beginning on or after 1 January 2016

⁴ Effective for annual periods beginning on or after 1 January 2017

⁵ Effective for annual periods beginning on or after 1 January 2018

Amendments to HKAS 1 – Disclosure Initiative

The amendments are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures.

Amendments to HKAS 16 and HKAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit the use of a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that amortisation based on revenue is not appropriate for intangible assets. This presumption can be rebutted if either the intangible asset is expressed as a measure of revenue or revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

Amendments to HKAS 27 – Equity Method in Separate Financial Statements

The amendments allow an entity to apply the equity method in accounting for its investments in subsidiaries, joint ventures and associates in its separate financial statements.

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income (“FVTOCI”) if the objective of the entity’s business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss (“FVTPL”).

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

HKFRS 15 – Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 – Revenue, HKAS 11 – Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

The Group is in the process of making an assessment of the impact of these new or amended HKFRSs upon initial application but is not yet in a position to state whether these new or amended HKFRSs would have a significant impact on the Group’s results of operations and financial position.

3. GROUP REORGANISATION AND BASIS OF PREPARATION

Through a reorganisation to rationalise the structure of the Group in preparation for the listing of the Company's shares (the "Group Reorganisation"), the Company has become the holding company of its subsidiaries now comprising the Group since 29 July 2014. Details of the Group Reorganisation are fully explained in the prospectus of the Company dated 13 August 2014.

King Force Security Limited, a subsidiary incorporated in Hong Kong, is the principal operating company of the Group which was wholly-owned by Mr. Fu Yik Lung ("Mr. Fu" or "Controlling Shareholder") since February 2007 before the Group Reorganisation. The Group Reorganisation involved only insertion of new holding companies on the top of the principal operating company and has not resulted in any change of economic substance with continuous common control by the Controlling Shareholder. Accordingly, the consolidated financial statements have been prepared using the principles of merger accounting as if the current group structure had been in existence throughout the current year and prior year.

The consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the current year and prior year have been prepared to present the results, changes in equity and cash flows of the Company and its subsidiaries as if the current group structure had been in existence throughout the current year and prior year, or since their respective dates of incorporation, whichever was shorter. The consolidated statement of financial position of the Group as at 31 March 2014 have been prepared to present the assets and liabilities of the Company and its subsidiaries as if the current group structure had been in existence at that date.

No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Group Reorganisation.

All intra-group transactions and balances have been eliminated in preparing the consolidated financial statements.

The consolidated financial statements have been prepared in accordance with HKFRSs, which collective term includes all applicable HKFRSs, Hong Kong Accounting Standards and Interpretations issued by the HKICPA. The consolidated financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on Growth Enterprise Market on the Stock Exchange.

The financial statements have been prepared on the historical cost basis except for available-for-sale financial assets which are measure at fair value. The measurement bases are fully described in the accounting policies below.

All values are rounded to the nearest thousand except when otherwise indicated.

It should be noted that accounting estimates and judgements are used in preparation of the consolidated financial statements. Although these estimates are based on management's best knowledge and judgements of current events and actions, actual results may ultimately differ from those estimates.

4. SEGMENT INFORMATION

An operating segment is a component of the Group that is engaged in business activities from which the Group may earn revenue and incur expenses, and is defined on the basis of the internal management reporting information that is provided to and regularly reviewed by the executive directors in order to allocate resources and assess performance of the segment. Executive directors regularly review revenue and operating results derived from provision of security guarding services and consider as one single operating segment.

The Company is an investment holding company and the principal place of the Group's operation is in Hong Kong. For the purpose of segment information disclosures under HKFRS 8, the Group regarded Hong Kong as its country of domicile. All the Group's non-current assets are principally attributable to Hong Kong, being the single geographical region.

The geographical location of customers is based on the location at which the services are provided. The total revenue from external customers is wholly sourced from Hong Kong.

Information about major customers

There is no single customer contributed to 10% or more revenue to the Group's revenue for the years ended 31 March 2015 and 2014.

5. REVENUE

Revenue, which is also the Group's turnover, represents the invoiced value of service rendered, after the allowance for discounts from the principal activity of the Group during the year.

6. OTHER INCOME

	Group	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest income of a life insurance policy	73	–
Bank loan interest recharged to a director	–	218
Sundry income	411	292
	<hr/>	<hr/>
	484	510
	<hr/>	<hr/>

Bank interest income was less than HK\$500 for the years ended 31 March 2015 and 2014.

7. FINANCE COSTS

Group	
2015	2014
HK\$'000	HK\$'000

Interest charges on:

Bank borrowings, which contain a repayment on demand clause,
wholly repayable within five years

Finance leases

294	1,026
16	28
310	1,054

8. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging:

Group	
2015	2014
HK\$'000	HK\$'000

Auditor's remuneration

Amortisation of intangible assets¹

Allowance for impairment loss on trade receivables

Bad debts written off

Cost of services rendered

Depreciation:

– Owned assets

– Leased assets

356	80
783	–
541	–
634	95
105,510	88,026
1,282	515
–	279
1,282	794

Employee benefits expenses (including directors' emoluments):

Salaries, allowances and benefits in kind included in

– Cost of services rendered

– Administrative expenses

Retirement benefits-Defined contribution plans² included in

– Cost of services rendered

– Administrative expenses

100,610	84,209
2,889	1,953
4,868	3,814
136	73
108,503	90,049

Listing expenses³

Loss on disposal of property, plant and equipment

Operating lease charges in respect of:

– Rented premises

– Office equipment

3,569	3,806
43	17
319	426
43	43
362	469

Write-off of property, plant and equipment

28	–
----	---

- ¹ included in “administrative expenses” in the consolidated statement of profit or loss and other comprehensive income
- ² no forfeited contributions available for offset against existing contributions during the year
- ³ included in “other operating expenses” in the consolidated statement of profit or loss and other comprehensive income

9 INCOME TAX EXPENSE

The amount of taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	Group	
	2015	2014
	HK\$'000	HK\$'000
Current tax		
– Hong Kong Profits Tax		
– charged for the year	932	2,521
– (over)/under provision in prior years	(349)	53
	583	2,574
Deferred tax		
– charged for the year	885	–
	1,468	2,574

The Company was incorporated in the Cayman Islands that is tax-exempted as no business is carried out in the Cayman Islands under the laws of the Cayman Islands.

Hong Kong Profits Tax is calculated at 16.5% (2014: 16.5%) on the estimated assessable profits of subsidiaries operating in Hong Kong for the year.

10. DIVIDENDS

No dividends has been paid or declared by the Company since its incorporation. On 9 July 2014, Million Joyce Global Limited (“Million Joyce”), a subsidiary of the Company, declared and paid dividends of an aggregate amount of HK\$7,000,000 to the then shareholders, of which an amount of HK\$5,250,000 was offset against the amount due from a director.

11. EARNINGS PER SHARE

	2015 HK\$'000	2014 HK\$'000
Earnings		
Profit attributable to owners of the Company	<u>2,926</u>	<u>8,362</u>
	2015	2014
Number of shares		
Weighted average number of ordinary shares	<u>596,427,000</u>	<u>528,000,000</u>

Weighted average of 528,000,000 ordinary shares for the year ended 31 March 2014, being the number of shares in issue immediately after the completion of reorganisation issue as detailed in note 13 note (iii), deemed to have been issued throughout the year ended 31 March 2014 and up to 20 August 2014, immediately before the completion of placing.

Weighted average of 596,427,000 ordinary shares derived from 640,000,000 ordinary shares for the year ended 31 March 2015, includes the weighted average of 68,427,000 ordinary shares issued immediately after the completion of placing, in addition to the aforementioned 528,000,000 ordinary shares for the year ended 31 March 2014.

Diluted earnings per share were the same as the basic earnings per share as the Group had no dilutive potential shares during the years ended 31 March 2015 and 2014.

12. TRADE RECEIVABLES

	Group		Company	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Trade receivables	<u>17,563</u>	<u>14,693</u>	<u>—</u>	<u>—</u>

Trade receivables generally have credit terms of 7 to 30 days (2014: 7 to 30 days).

The ageing analysis of trade receivables (net of impairment loss) based on invoice dates, as of the end of the reporting period is as follows:

	Group	
	2015 HK\$'000	2014 HK\$'000
Not more than 30 days	9,658	8,400
30-90 days	7,747	5,694
Over 90 days	158	599
	<u>17,563</u>	<u>14,693</u>

The ageing analysis of trade receivables (net of impairment losses), based on past due date, as of the end of the reporting periods is as follows:

	Group	
	2015	2014
	HK\$'000	HK\$'000
Neither past due nor impaired	12,967	10,546
Not more than 30 days past due	2,495	1,732
30-90 days past due	1,974	2,168
Over 90 days past due	127	247
	17,563	14,693

At each reporting date, the Group reviews receivables for evidence of impairment on both individual and collective basis. During the year ended 31 March 2015, the Group has written off trade receivables of HK\$634,000 (2014: HK\$95,000) directly to the profit or loss for the year (Note 8).

The below table reconciled the allowance for impairment loss of trade receivables for the year:

	Group	
	2015	2014
	HK\$'000	HK\$'000
At 1 April	—	—
Impairment loss recognised	541	—
At 31 March 2015	541	—

Trade receivables that were past due but not impaired related to a number of customers that the Group had continuing business relationships with these customers including services to and settlements from these customers in general, which in the opinion of the directors, have no indication of default. Based on past credit history, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable. The Group did not hold any collateral in respect of trade receivables past due but not impaired.

13. SHARE CAPITAL

As at 1 April 2013 and 31 March 2014, the balance of share capital represented the paid-up capital of Million Joyce.

	Number of shares	Amount HK\$000
Authorised:		
Ordinary shares of HK\$0.01 each		
At 1 April 2013	—	—
Initial authorised share capital upon incorporation	38,000,000	380
At 31 March 2014 and 1 April 2014	38,000,000	380
Increase in authorised share capital on 29 July 2014	1,962,000,000	19,620
At 31 March 2015	2,000,000,000	20,000
Issued:		
Ordinary shares of HK\$0.01 each		
At 1 April 2013	—	—
Issue of share capital upon incorporation (note (i))	1,000	—
At 31 March 2014 and 1 April 2014	1,000	—
Issue of shares by the Company pursuant to the reorganisation (note (iii))	527,999,000	5,280
Issue of shares upon placing (note (iv))	112,000,000	1,120
At 31 March 2015	640,000,000	6,400

Note:

- (i) The Company was incorporated on 2 January 2014 with authorised share capital of HK\$380,000 divided into 38,000,000 ordinary shares of HK\$0.01 each. 1 nil-paid share was allotted and issued to the subscriber to the memorandum and articles of association of the Company, and was subsequently transferred to Optimistic King on the same day. On the same date, each of Optimistic King and Gloria Power Limited (“Gloria Power”) further subscribed for 749 and 250 nil-paid shares, resulting them holding 750 and 250 nil-paid shares, respectively, as at the date of incorporation.
- (ii) Pursuant to a shareholder resolution passed on 29 July 2014, the authorised share capital of the Company was increased from HK\$380,000 to HK\$20,000,000 by the creation of an additional 1,962,000,000 shares of HK\$0.01 each.
- (iii) On 29 July 2014, Optimistic King and Gloria Power each as a vendor, the Company as purchaser, and Mr. Fu and Mr. Chiu Chun Keung (“Mr. Chiu”) as the respective warrantors of the vendors entered into a sale and purchase agreement, pursuant to which the Company acquired 750 shares (representing 75% of the issued share capital of Million Joyce) and 250 shares (representing 25% of the issued capital of Million Joyce) in Million Joyce from Optimistic King and Gloria Power, respectively, and as consideration for which (i) the 750 and 250 nil-paid shares held by Optimistic King and Gloria Power were credited as fully paid respectively, and (ii) 395,999,250 and 131,999,750 shares were issued and allotted to each of Optimistic King and Gloria Power respectively, all credited as fully paid.

- (iv) On 20 August 2014, 112,000,000 new shares of HK\$0.01 each of the Company were issued to the public by way of placing at HK\$0.385 each (the “Placing”). Upon the Placing, the issued share capital of the Company has become HK\$6,400,000 divided into 640,000,000 shares of HK\$0.01 each.

BUSINESS REVIEW

Overview

The Group is principally engaged in the provision of manned security guarding services and it is licensed to provide security guarding services in Hong Kong under Type I security work in accordance with the Security Company License regime. The Group operates under the name “KING FORCE” and the services it offers aim to protect the safety and assets of its customers. The security guarding services offered by the Group include patrolling, access control at the lobby entrance, making entrance records of visitors and stopping trespassers, handling and reporting complaints. The Group also provides guarding and personal escorting services and crowd management services in various events, occasions, exhibitions, ceremonies and press conferences. With over nine years of experience in manned security guarding services in Hong Kong, the Group has established goodwill in its security guarding services. The Group is dedicated to providing quality manned security guarding services and it is accredited with ISO 9001:2008 (quality management system standard) for its design and provision of security guarding services awarded by the Hong Kong Quality Assurance Agency. To ensure its quality of services, the Group provides guidance and trainings to its security guards and conducts supervision on its security guards. With continued effort, the Group has established a broad customer base. During the year ended 31 March 2015, the Group had a total of 429 customers, including property management companies, schools, warehouse operators, property redevelopers and construction companies.

FINANCIAL REVIEW

Revenue

For the year ended 31 March 2014 and 2015, the Group’s revenue was principally generated from the provision of manned security guarding services in Hong Kong. The following table sets forth the breakdown of the Group’s revenue by the types of contracts for the year ended 31 March 2014 and 2015:

	Year ended 31 March			
	2015		2014	
	HK\$'000	Percentage	HK\$'000	Percentage
Manned security guarding services				
– Fixed	107,241	82.3	90,025	81.1
– Temporary	4,237	3.3	2,400	2.1
– Event	18,824	14.4	18,634	16.8
Total	<u>130,302</u>	<u>100.0</u>	<u>111,059</u>	<u>100.0</u>

Note: Fixed positions refer to contracts for term with a term more than 6 months while for temporary positions, they refer to contracts with a term less than 6 months.

The Group's overall revenue increased by approximately HK\$19.2 million or 17.3% from HK\$111.1 million for the year ended 31 March 2014 to approximately HK\$130.3 million for the year ended 31 March 2015. The increase in revenue is mainly due to (i) the increase in the number of fixed manned security guarding service contracts by 7.9%; (ii) the increase in the number of temporary manned security guarding service contracts by 3.6%; and (iii) the general increase in the service fees charged by the Group as a result of the increase in the guard costs and administrative fees as a result of the general inflation.

Cost of services rendered

For the year ended 31 March 2014 and 2015, cost of services rendered, which mainly consists of direct guard cost, was approximately HK\$88.0 million and HK\$105.5 million, respectively, representing approximately 79.2% and 81.0% of the Group's revenue, respectively. Such increase was primarily attributable to the expansion of the Group with more guards as well as the increase in salaries to attract staff in view of the shortage of guards and high staff turnover rate in the security guarding service industry. Meanwhile, the size of the Group's operation department was also expanded by hiring additional patrol officers and control officers.

As at 31 March 2015, the Group had a total of 1,141 employees, of which 1,096 were full-time guards and the remaining are part time guards providing manned security guarding and related services.

Gross profit

The Group's gross profit increased by approximately HK\$1.8 million or 7.8% from approximately HK\$23.0 million for the year ended 31 March 2014 to approximately HK\$24.8 million for the year ended 31 March 2015 while the Group's gross profit margin decreased from approximately 20.7% for the year ended 31 March 2014 to approximately 19.0% for the year ended 31 March 2015. The decrease in gross profit margin was mainly due to (i) a particular event manned security services contract with relatively high margin for the year ended 31 March 2014; and (ii) the services fees charged in 2014 was relatively stable while the average actual hourly wage of guards kept growing.

Administrative expenses

The Group's administrative expenses increased by approximately HK\$9.3 million or 120.8% from approximately HK\$7.7 million for the year ended 31 March 2014 to HK\$17.0 million for the year ended 31 March 2015. The increase in the Group's administrative expenses were mainly due to the increase in the operation scale, advertisement expenses and legal and professional fee upon the listing of the shares of the Company (the "Shares") on the GEM (the "Listing").

Other operating expenses

Other operating expenses for the year ended 31 March 2015 amounted to approximately HK\$3.6 million (For the year ended 31 March 2014: approximately HK\$3.8 million). The Group's other operating expenses primarily consist of listing expenses in relation to the Listing, which is non-recurring in nature and mainly comprises professional fees paid to the parties for their services in connection to such regard.

Finance costs

The Group's finance costs decreased by approximately HK\$0.8 million or 72.7% from HK\$1.1 million for the year ended 31 March 2014 to HK\$0.3 million for the year ended 31 March 2015. The decrease in the finance costs was mainly due to the repayment of the Group's bank borrowing during the year ended 31 March 2015.

Profit for the year

Profit attributable to owners of the Company for the year decreased by approximately HK\$5.5 million or 65.5% from approximately HK\$8.4 million for the year ended 31 March 2014 to HK\$2.9 million for the year ended 31 March 2015. The Group's net profit margin decreased from approximately 7.5% for the year ended 31 March 2014 to approximately 2.2% for the year ended 31 March of 2015. The decrease in the Group's profit for the year was mainly due to the increase in the administrative expenses while partly offset by the increase in gross profit as discussed above.

Services Contracts

During the year ended 31 March 2015, the Group had entered into 506 new or renewed contracts, of which 302, 29 and 175 are fixed, temporary and event security guarding services contracts respectively. As at 31 March 2015, the Group had a total number of 462 unexpired security guarding services contracts.

OUTLOOK

The Listing of the Company on the GEM on 20 August 2014 (the "Listing Date") marked an important milestone in the history of the Group and opened up new opportunities for the Group's development in the future.

The Group intends to achieve expansion in business, in particular the fixed manned security contracts which provide stable and regular income streams, with a strategy by ensuring a quality pool of guards are available at their expense, broadening its customer base with improved branding and image of the Group, and increasing its profitability of all types of services provided by way of better pricing due to higher service quality.

The Group intends to achieve expansion in business and maintain its competitiveness in the security guarding services industry in Hong Kong by recruiting and expanding the security guarding and patrol team, strengthening staff recruitment and in-house training, expanding the sales and marketing department and uplifting marketing effect, and increasing of operational efficiency and enhancing quality of service.

To cope with the business objective and expansion of the Group, the Group has expanded its operation team by having additional patrol officers and control officers and recruited an in-house trainer in September 2014, who is mainly responsible for the internal training of its guard. In December 2014, the Group appointed a new general manager with extensive experience in the Hong Kong Police Force. The Directors consider this can further enhance the Group's reputation by improving its quality of manned security guarding services. Meanwhile, the Group plans to recruit additional operation managers to supervise its guards and to strengthen and expand its business in the security services industry.

In December 2014, the Group has commenced the operation of its new recruitment centre in Wanchai. The Group considers that the establishment of the recruitment centre in Wanchai will facilitate the recruitment of guards for the guarding post located in the Hong Kong Island in view of the difficulties in recruiting guards according to the Group's experience. Further, the Group also plans to invest more resources in job advertisements, participation in employment fairs, recruitment websites and referrals from external training centre to facilitate the recruitment of staff.

In April 2015, the Group has entered into a software leasing agreement with an independent third party to develop and lease the using right of a mobile app system with global positioning system and radio-frequency identification technology that can be used for the purpose of keeping track of security guards, reporting complaints and incidents, and allowing employees to check their own rosters and salary payment records. The Directors consider the system will allow the Group to keep track of and manage the sizeable work force more efficiently and reduce the manpower for administrative purpose. As at the date of this announcement, the function of keeping track of security guards has already commenced.

In April 2015, the Group has entered into a subscription agreement with MAGN Investment Limited ("MAGN") conditionally agreed to subscribe 20% of the enlarged issued shares of MAGN. MAGN is an investment holding company of Shenzhen Weiyuhui, which is principally engaged in the research and development and sales of computer and mobile software and other IT solution. As a condition precedent, the Group agreed to establish a joint venture with MAGN, as to research and develop security system software for intelligence building automation system. With such move, the Group will be able to cope with the growing trend of intelligence building automation system in Hong Kong.

The Group will also continue to strengthen its efforts in promoting its reputation and corporate image and use its best endeavours in identifying new business opportunities and achieving satisfactory returns for the shareholders of the Company (the "Shareholders").

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Capital structure

As at 31 March 2015, the share capital and equity attributable to owners of the Company amounted to approximately HK\$6.4 million and HK\$55.8 million respectively (as at 31 March 2014: approximately HK\$7,800 and HK\$19.7 million respectively).

Cash position

As at 31 March 2015, the cash at banks and in hand of the Group amounted to approximately HK\$33.8 million (as at 31 March 2014: approximately HK\$3.4 million), representing an increase of approximately HK\$30.4 million as compared to that as at 31 March 2014.

Bank borrowings

As at 31 March 2015, the Group did not have any bank borrowings. (as at 31 March 2014: approximately HK\$6.3 million).

Charges over Assets of the Group

As at 31 March 2015, none of the Group's leasedhold land and buildings under property, plant and equipment was pledged (as at 31 March 2014: approximately HK\$5.8 million).

Gearing ratio

As at 31 March 2015, the gearing ratio of the Group was approximately 0% (as at 31 March 2014: approximately 34.4%). The gearing ratio is calculated based on the total debt at the end of the reporting period divided by the total equity at the end of the respective period. Total debt includes bank borrowings, bank overdrafts and obligations under finance leases. As at 31 March 2015, the Group did not have any bank borrowings.

Capital Expenditure

The Group purchased property, plant and equipment amounting to approximately HK\$5.0 million for the year ended 31 March 2015 which mainly comprises of acquisition of vehicles (2014: approximately HK\$0.6 million).

Capital Commitments

As at 31 March 2015, the Group did not have any capital commitments. (as at 31 March 2014: approximately HK\$0.8 million).

Foreign Exchange Risk

The Group's business operations are conducted in Hong Kong. The transactions, monetary assets and liabilities of the Group were mainly denominated in Hong Kong dollar. During the year ended 31 March 2015, there was no material impact to the Group arising from the fluctuation in the foreign exchange rates between the currencies.

The Group did not engage in any derivatives agreement and did not commit to any financial instruments to hedge its foreign exchange exposure during the year ended 31 March 2015.

Significant Investments Held, Material Acquisitions or Disposals of Subsidiaries and Affiliated Companies, and Plans for Material Investments or Capital Assets

Apart from the reorganisation in relation to the Listing, there were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies during the year ended 31 March 2015. Save for the business plan as disclosed in the prospectus of the Company dated 13 August 2014 (the "Prospectus"), there is no plan for material investments or capital assets as at 31 March 2015.

Contingent Liabilities

As at 31 March 2015, the Group had no material contingent liabilities (as at 31 March 2014: nil).

Employees and Remuneration Policy

The Group had 1,141 employees (including Directors) as at 31 March 2015 (as at 31 March 2014: 1,146 employees). The Group recruits and promotes individuals based on their performance and development potential in the positions held. In order to attract and retain high quality staff and to enable smooth operations within the Group, the Group offered competitive remuneration packages (with reference to market conditions and individual qualifications and experience) and various in-house training courses. The remuneration packages were subject to review on a regular basis. The emoluments of the Directors and senior management were reviewed by the remuneration committee of the Company, having regard to the Company's operating results, market competitiveness, individual performance and achievement, and approved by the Board.

SHARE OPTION SCHEME

The Company has adopted the share option scheme (the "Scheme") on 31 July 2014 which will remain in force for a period of 10 years from the effective date of the Scheme. The purpose of the Scheme is to enable the Company to grant options to selected participants as incentives or rewards for their contribution to it. The Directors consider the Scheme, with its broadened basis of participation, will enable the Group to reward the employees, the Directors and other selected participants for their contributions to the Group. The principal terms of the Scheme are summarised in the section headed "Share Option Scheme" in Appendix V to the Prospectus.

For the year ended 31 March 2015, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under the Scheme.

DIVIDEND

The Board did not recommend the payment of final dividend for the year ended 31 March 2015 (2014: Nil).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

From the Listing Date to 31 March 2015, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE CODE

From the Listing Date to 31 March 2015, the Company has complied with the applicable code provisions of the Corporate Governance Code as set out in Appendix 15 of the GEM Listing Rules.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the required standards of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for securities transactions by the Directors in respect of the shares of the Company (the "Code of Conduct"). Having made specific enquiries with the Directors, all Directors have confirmed that they have complied with the required standards set out in the Code of Conduct during the period from the Listing Date to 31 March 2015.

EVENT AFTER THE REPORTING PERIOD

On 16 April 2015, the Group entered into an agreement with MAGN Investment Limited ("MAGN") pursuant to which the Group conditionally agreed to subscribe and MAGN conditionally agreed to issue new shares, representing 20% of the enlarged issued shares of MAGN, at a consideration of HK\$2 million in cash, subject to the terms and conditions of the agreement.

As a condition precedent to completion of the transactions contemplated under the agreement, the Group and MAGN agreed to establish a joint venture in the People's Republic of China. Both parties agreed to each contribute RMB 5 million to the registered capital of the joint venture. For details of the transaction, please refer to the announcement of the Company dated 16 April 2015.

Save as disclosed above, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 March 2015 and up to the date of this announcement.

REVIEW BY AUDIT COMMITTEE

The Company has established an audit committee (the “Audit Committee”) on 31 July 2014 with its written terms of reference in compliance with paragraphs C.3.3 and C.3.7 of the Code. The primary duties of the Audit Committee are to review and supervise the Group’s financial reporting process and internal control system, nominate and monitor external auditor and to provide advice and comments to the Board on matters related to corporate governance. The Audit Committee consists of three members, namely Mr. Law Yiu Sing (being the Chairman of the Audit Committee), Prof. Lam Sing Kwong Simon and Mr. Ong Chi King.

The Audit Committee had reviewed the audited annual result of the Group for the financial year ended 31 March 2015.

SCOPE OF WORK OF AUDITOR

The figures in respect of this announcement of the Group’s results for the year ended 31 March 2015 have been agreed by the Group’s auditor, BDO Limited (“BDO”), to the amounts set out in the Group’s consolidated financial statements for the year ended 31 March 2015. The work performed by BDO in this respect did not constitute as assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by BDO on this announcement.

ANNUAL GENERAL MEETING AND CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming annual general meeting (“AGM”) of the Company will be held on 1 September 2015 (Tuesday) at 2/F, 100QRC, 100 Queen’s Road Central, Central, Hong Kong.

In order to determine the entitlement of the shareholder to attend the AGM, the register of members of the Company will be closed from 31 August 2015 (Monday) to 1 September 2015 (Tuesday) (both days inclusive) for the said AGM or any adjournment thereof. All transfer of the Company’s shares together with the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office, Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, no later than 4:30 p.m. on 28 August 2015 (Friday).

PUBLICATION OF 2015 ANNUAL REPORT

The 2015 annual report of the Company containing all the information required by the GEM Listing Rules will be despatched to the shareholders of the Company and will also be published on the website of the Company at www.kingforce.com.hk and the “HKExnews” website of the Stock Exchange at www.hkexnews.hk.

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

Hong Kong, 26 June 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 and Mr. Zhang Chengzhou; and the independent non-executive Directors are Mr. Law Yiu Sing, Professor Lam Sing Kwong, Simon and Mr. Ong Chi King.

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.