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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2016

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 Group 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 2016 (the "Reporting Period") amounted to approximately HK$146.2 million (2015: approximately HK$130.3 million).

- Loss attributable to the owners of the Company for the year ended 31 March 2016 amounted to approximately HK$55 thousand (2015: profit of approximately HK$2.9 million).

- Basic and diluted loss per share for the year ended 31 March 2016 amounted to approximately HK0.001 cents (basic and diluted earnings per share for the year ended 31 March 2015: approximately HK0.05 cents (restated)).

- The board of directors (the "Board") does not recommend the payment of any dividend for the year ended 31 March 2016 (2015: nil).

ANNUAL RESULTS

The Board presents the audited consolidated results of the Company for the year ended 31 March 2016, together with the comparative figures for the year ended 31 March 2015 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2016

	Notes	**2016** **HK$'000**	2015 HK$'000
Revenue	*5*	**146,224**	130,302
Cost of services rendered		**(118,650)**	(105,510)
Gross profit		**27,574**	24,792
Other income	*6*	**474**	484
Administrative expenses		**(27,804)**	(17,003)
Other operating expenses		**–**	(3,569)
Share of result of an associate		**1,058**	–
Profit from operation		**1,302**	4,704
Finance costs	*7*	**–**	(310)
Profit before income tax	*8*	**1,302**	4,394
Income tax expense	*9*	**(1,357)**	(1,468)
(Loss)/Profit for the year attributable to owners of the Company		**(55)**	2,926
Other comprehensive income, that may be reclassified subsequently to profit or loss:			
Share of exchange difference on translation of foreign associate		**11**	–
Total comprehensive income for the year attributable to owners of the Company		**(44)**	2,926
(Loss)/Earnings per share for (loss)/profit attributable to owners of the Company			(Restated)
– Basic and diluted (HK cents)	*11*	**(0.001)**	0.05

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

	Notes	**2016**	2015
		HK$'000	*HK$'000*
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**9,513**	11,656
Intangible asset		**1,006**	1,900
Interest in an associate		**20,464**	–
Investment in a life insurance policy		**1,126**	1,104
		32,109	14,660
Current assets			
Trade receivables	*12*	**17,750**	17,563
Prepayments and deposits		**2,498**	1,575
Tax recoverable		**–**	1,250
Cash at banks and in hand		**36,457**	33,822
		56,705	54,210
Current liabilities			
Accrued expenses and other payables		**27,887**	12,217
Tax payables		**671**	–
		28,558	12,217
Net current assets		**28,147**	41,993
Total assets less current liabilities		**60,256**	56,653
Non-current liability			
Deferred tax liabilities		**478**	885
Net assets		**59,778**	55,768
EQUITY			
Equity attributable to owners of the Company			
Share capital	*13*	**6,400**	6,400
Reserves		**53,378**	49,368
Total equity		**59,778**	55,768

NOTES

For the year ended 31 March 2016

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 2 January 2014 as an exempted company with limited liability. The Company's registered office is located at Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands. It's principal place of business is located at Room 1603, 16/F, China Building, 29 Queen's Road Central, Hong Kong.

The Company's shares were listed on the GEM of the Stock Exchange on 20 August 2014.

By a special resolution passed on 1 February 2016, the name of the Company was changed from King Force Security Holdings Limited to King Force Group Holdings Limited effective on 12 February 2016.

The principle activity of the Company is investment holding. The principle activities of the Group 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 acts as the holding company of the Group. As at 31 March 2015, the Company's immediate and ultimate holding company is Optimistic King Limited ("Optimistic King"), incorporated in the British Virgin Islands.

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 or amended HKFRSs – effective 1 April 2015

In the current year, the Group has applied for the first time the following new or amended 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 2015:

HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle

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 2012-2014 Cycle[1]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
HKAFRS 9 (2014)	Financial Instruments[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[1]
Amendments to HKFRS 11	Accounting for Acquisition of Interests in Joint Operation[1]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 16	Leases[3]

[1] Effective for annual periods beginning on or after 1 January 2016

[2] Effective for annual periods beginning on or after 1 January 2018

[3] Effective for annual periods beginning on or after 1 January 2019

[4] Effective for annual periods beginning on or after a date to be determined

Amendments to HKAS 1 – Disclosure Initiative

The amendments are designed to encourage entities to use judgement in the application of HKAS 1 when considering the layout and content of their financial statements.

An entity's share of other comprehensive income from equity accounted interests in associates and joint ventures will be split between those items that will and will not be reclassified to profit or loss, and presented in aggregate as a single line item within those two groups.

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 (2014) – Financial Instruments

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 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 fair value through other comprehensive income. All other debt and equity instruments are measured at fair value through profit or loss.

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at fair value through profit or loss 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 fair value through profit or loss, 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.

Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 – Investment Entities: Applying the Consolidation Exception

The amendments clarify that the exemption from preparing consolidated financial statements for an intermediate parent entity is available to a subsidiary of an investment entity (including investment entities that account for their subsidiaries at fair value rather than consolidating them). An investment entity parent will consolidate a subsidiary only when the subsidiary is not itself an investment entity and the subsidiary's main purpose is to provide services that relate to the investment entity's investment activities. A non-investment entity applying the equity method to an associate or joint venture that is an investment entity may retain the fair value measurements that associate or joint venture used for its subsidiaries. An investment entity that prepares financial statements in which all its subsidiaries are measured at fair value through profit or loss should provide the disclosures related to investment entities as required by HKFRS 12.

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.

HKFRS 16 – Leases

HKFRS 16 supersedes HKAS 17 – Leases, HK(IFRIC) Int 4 – Determining whether an Arrangement contain a Lease, HK(SIC) Int 15 – Operating Lease – Incentives and HK(SIC) Int 27 – Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

HKFRS 16 eliminates the classification by a lessee of leases as either operating or finance. Instead all leases are treated in a similar way to finance leases in accordance with HKAS 17 – Leases. Under HKFRS 16, leases are recorded on the statement of financial position by recognising a liability for the present value of its obligation to make future lease payments with an asset (comprised of the amount of lease liability plus certain other amounts) either being disclosed separately in the statement of financial position (within right-of-use assets) or together with property, plant and equipment. The most significant effect of the new requirements will be an increase in recognised lease assets and financial liabilities.

There are some exemptions. HKFRS 16 contains options which do not require a lessee to recognise assets and liabilities for (a) short term leases (i.e. lease of 12 months or less, including the effect of any extension options) and (b) leases of low value assets (for example, a lease of a personal computer).

HKFRS 16 substantially carries forward the lessor's accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. In classifying a sublease, an intermediate lessor shall classify the sublease as a finance lease or an operating lease as follows: (a) if the head lease is a short-term lease that the entity, as a lessee, the sublease shall be reclassified as an operating lease; (b) otherwise, the sublease shall be classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset.

HKFRS 16 clarifies that a lessee separates lease components and service components of a contract, and applies the lease accounting requirements only to the lease components.

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.

(c) Amended GEM Listing Rules relating to the presentation and disclosures in financial statements

The amended GEM Listing Rules in relation to the presentation and disclosures in financial statements, including the amendments with reference to the Hong Kong Companies Ordinance, Cap. 622, apply to the Company in this financial year.

The directors consider that there is no impact on the Group's financial position or performance, however the amended GEM Listing Rules impacts on certain presentation and disclosures in the consolidated financial statements. For example, the statement of financial position of the Company is now presented in the notes to the financial statements rather than as a primary statement and related notes to the statement of financial position of the Company are generally no longer presented.

3. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, which collective terms include all applicable individual 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 GEM Listing Rules of the Stock Exchange.

The consolidated financial statements have been prepared under historical cost convention, except for available-for-sale financial assets and consideration share payable which are stated at fair value.

It should be noted that accounting estimates and judgements are used in the preparation of the consolidated financial statements. Although these estimates are based on management's best knowledge and judgement 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 2016 and 2015.

5. REVENUE

Revenue represents the net invoiced value of service rendered from the principal activities of the Group during the year.

6. OTHER INCOME

	2016	2015
	HK$'000	*HK$'000*
Bank interest income	**1**	–
Interest income of a life insurance policy	**40**	73
Sundry income	**433**	411
	474	484

Bank interest income was less than HK$500 for the year ended 31 March 2015.

7. FINANCE COSTS

	2016	2015
	HK$'000	*HK$'000*
Interest charges on:		
Bank borrowings, which contain a repayment on demand clause, wholly repayable within five years	**–**	294
Finance leases	**–**	16
	–	310

8. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging/(crediting):

	2016 *HK$'000*	2015 *HK$'000*
Auditor's remuneration	**1,090**	356
Amortisation of intangible assets[1]	**894**	783
Allowance for impairment loss on trade receivables	**–**	541
Bad debts written-off (note 12)	**2**	634
Cost of services rendered	**118,650**	105,510
Depreciation	**2,054**	1,282
Employee benefits expenses (including directors' emoluments):		
Salaries, allowances and benefits in kind included in:		
– Cost of services rendered	**113,188**	100,610
– Administrative expenses	**3,524**	2,889
Retirement benefits – Defined contribution plans[2] included in:		
– Cost of services rendered	**5,462**	4,868
– Administrative expenses	**116**	136
	122,290	108,503
Legal and professional fees	**5,501**	999
Listing expenses[3]	**–**	3,569
(Gain)/Loss on disposal of property, plant and equipment	**(6)**	43
Operating lease charges in respect of:		
– Rented premises	**973**	319
– Office equipment	**1,324**	43
	2,297	362
Write-off of property, plant and equipment	**588**	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:

	2016	2015
	HK$'000	*HK$'000*
Current tax		
– Hong Kong Profits Tax		
– Tax for the year	**1,694**	932
– Under/(Over) provision in prior years	**70**	(349)
	1,764	583
Deferred tax		
– (Credited)/Charged to profit or loss for the year	**(407)**	885
	1,357	1,468

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% (2015: 16.5%) on the estimated assessable profits of subsidiaries operating in Hong Kong for the year.

10. DIVIDEND

No dividend has been paid or declared by the Company during the year.

On 9 July 2014, Million Joyce Global limited ("Million Joyce"), a subsidiary of the Company, declared and paid dividend 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. (LOSS)/EARNINGS PER SHARE

	2016	2015
	HK$'000	*HK$'000*
(Loss)/Earnings		
(Loss)/Profit attributable to owners of the Company	**(55)**	2,926

	2016	2015
		(Restated)
Number of shares		
Weighted average number of ordinary shares	**6,400,000,000**	5,964,274,000

The weighted average number of shares for the purpose of calculating the basic earnings per share has been retrospectively adjusted for the effect of the share subdivision (note 13 (iii)) completed during the year ended 31 March 2016.

Diluted (loss)/earnings per share were the same as the basic (loss)/earnings per share as the Company had no dilutive potential shares during the years ended 31 March 2016 and 2015.

12. TRADE RECEIVABLES

	2016	2015
	HK$'000	*HK$'000*
Trade receivables	**17,750**	17,563

Trade receivables generally have credit terms of 7 to 30 days (2015: 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:

	2016	2015
	HK$'000	*HK$'000*
Not more than 30 days	**9,816**	9,658
30-90 days	**7,372**	7,747
Over 90 days	**562**	158
	17,750	17,563

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

	2016	2015
	HK$'000	*HK$'000*
Neither past due nor impaired	**11,676**	12,967
Not more than 30 days past due	**2,469**	2,495
30-90 days past due	**3,265**	1,974
Over 90 days past due	**340**	127
	17,750	17,563

At the end of the reporting period, the Group reviews receivables for evidence of impairment on both individual and collective basis. During the year ended 31 March 2016, the Group has written off trade receivables of approximately HK$2,000 (2015: HK$634,000) 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:

	2016	2015
	HK$'000	*HK$'000*
At 1 April	**541**	–
Impairment loss recognised	**–**	541
Written-off during the year as uncollectible	**(541)**	–
At 31 March	**–**	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 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$0.001 each		
At 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 and 1 April 2015	2,000,000,000	20,000
Share subdivision (note (iii))	18,000,000,000	–
At 31 March 2016	**20,000,000,000**	**20,000**
Issued:		
Ordinary shares of HK$0.001 each		
At 1 April 2014 (note i)	1,000	–
Issue of shares by the Company pursuant to the reorganisation (note (i))	527,999,000	5,280
Issue of shares upon placing (note (ii))	112,000,000	1,120
At 31 March 2015 and 1 April 2015	640,000,000	6,400
Share subdivision (note (iii))	5,760,000,000	–
At 31 March 2016	**6,400,000,000**	**6,400**

Notes:

(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 and was subsequently transferred to Optimistic King on the same day. On the same date, Optimistic King and Gloria Power Limited ("Gloria Power") further subscribed for 749 and 250 nil-paid shares. 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.

(ii) 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.

(iii) On 17 August 2015, pursuant to the written resolutions passed by the shareholders of the Company, each authorised share capital of HK$0.01 each was subdivided into ten subdivided shares each of HK$0.001 each. All subdivided shares will rank pari passu with each other in all respects with the shares in issue prior to the share subdivision.

BUSINESS REVIEW

Overview

In April 2015, the Group entered into a subscription agreement with Magn Investment Limited ("Magn Investment"), wherein the Group conditionally agreed to subscribe 20% of the enlarged issued shares of Magn Investment. Magn Investment is an investment holding company of 新動傳媒中國有限公司 (Magn Media (China) Holdings Limited*) ("Magn Media (China)"), which is principally engaged in (i) the research and development of computer and mobile software, including security software, advertisement sale management software, gaming platform operation software, payment software and office software; and (ii) through a series of variable interest entities contracts (the "VIE Contracts"), operations of gaming products. As a condition precedent to completion of the transactions contemplated under the said subscription agreement, the Group agreed to establish a joint venture with Magn Investment for the purpose of research and develop security system software for intelligence building automation system. In September 2015, the Group and Magn Investment entered into the joint venture agreement in relation to the formation of the joint venture. In October 2015, Magn Investment becomes an associate of the Company after the completion of the said subscription.

In October 2015, the Group entered into an equity transfer agreement with Magn Group Limited ("Magn Group"), pursuant to which the Company conditionally agreed to acquire and Magn Group conditionally agreed to sell the 80% equity interest in Magn Investment. In November 2015, the Company and Magn Group further entered into a supplemental agreement, pursuant to which the parties agreed to amend the equity interest of Magn Investment to be acquired by the Group from 80% to 25% and adjusted the consideration accordingly. In December 2015, the Group completed the acquisition of 25% equity interest in Magn Investment. After the completion of the acquisition, the Group holds 45% equity interest in Magn Investment.

To reflect the existing business of the Company after the completion of the acquisition of Magn Investment, i.e. the manned security guarding business and mobile game business, the Board, on 30 December 2015, proposed to change the English name of the Company from "King Force Security Holdings Limited" to "King Force Holdings Limited" and the Chinese name of the Company from "冠輝保安控股有限公司" to "冠輝控股有限公司". Nonetheless, thereafter it has come to the Board's notice that the proposed new English name "King Force Holdings Limited" is not available for registration in the Cayman Islands. Therefore, the Board has determined to change the English name of the Company to "King Force Group Holdings Limited" and adopt the Chinese name "冠輝集團控股有限公司" as the new dual foreign name of the Company. The proposed change of company name was effective on 12 February 2016.

As mentioned in the announcement of the Company dated 2 December 2015, the Company intends to issue and a third party (the "Subscriber") intends to subscribe for convertible bonds (the "Proposed Subscription"). The Company and the Subscriber are still in the process of negotiating the structure and terms of the Proposed Subscription and have not entered into any legally binding definitive agreement for the Proposed Subscription. Further announcement(s) in relation to the Proposed Subscription will be made by the Company as and when appropriate in compliance with the GEM Listing Rules.

On 30 March 2016, the associates of the Group, 深圳市題名廣告有限公司 (Shenzhen Timing Advertisement Co., Limited*) ("Timing Advertisement") and 深圳市新動文化傳播有限公司 (Shenzhen MAGN Cultural Media Co., Limited*) ("MAGN Cultural") entered into the agreement with 陳運逴 (Chen Yunchuo) ("Mr. Chen") and 深圳市前海成長一號投資基金企業(有限合夥)(Shenzhen Qianhai Growth No. 1 Investment Fund (Limited Partnership)) (the "Growth Fund"), pursuant to which the Growth Fund agreed to invest RMB80 million in the mobile game 鬼吹燈3D (Ghost blows 3D*) (the "Project") operated by MAGN Cultural in return for the profit to be generated by the Project. Pursuant to the agreement, the Growth Fund agreed to invest a total amount of RMB80 million in the Project operated by MAGN Cultural by way of several installments of loan (the "Loan"). The number of installments, interest rate, and time of withdrawal and repayment of the Loan shall be subject to further agreement among the parties. The purpose of the Loan is limited for the marketing, publication and operation of the Project. Please refer to the announcement of the Company dated 30 March 2016 for details.

Manned Security Guarding Services

The Group is a manned security guarding services provider 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, and to prevent crime and offence and maintain order. 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 ten years' experience in manned security guarding services, 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. For the year ended 31 March 2016, the Group had 506 customers, including property management companies, schools, warehouse operators, property redevelopers and construction companies.

Mobile Game Business

Magn Investment, an associated company of the Group, is an investment holding company of Magn Media (China), which is principally engaged in (i) the research and development of computer and mobile software, including security software, advertisement sale management software, gaming platform operation software, payment software and office software; and (ii) through the VIE contracts, operation of gaming products. The Group's share of profit of its associated company for the year ended 31 March 2016 was approximately HK$1.1 million. The associate of the Group commenced the mobile game business in 2015 while the first mobile game of such business was launched in April 2015. In December 2015, the associate of the Group commenced to generate profit from its mobile game business along with more mobile games were launched in December 2015.

As disclosed in the announcement of the Company dated 24 November 2015, the mobile game business of Magn Investment is operated through controlling Timing Advertisement and its subsidiaries in the PRC (the "VIE Group") through the VIE contracts.

FINANCIAL REVIEW

Revenue

For the year ended 31 March 2015 and 2016, 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 2015 and 2016:

	Year ended 31 March			
	2016		**2015**	
	HK$'000	***Percentage***	*HK$'000*	*Percentage*
Manned security guarding services				
– Fixed	**126,398**	**86.4**	107,241	82.3
– Temporary	**3,571**	**2.4**	4,237	3.3
– Event	**16,255**	**11.2**	18,824	14.4
Total	**146,224**	**100.0**	130,302	100.0

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$15.9 million or 12.2% from HK$130.3 million for the year ended 31 March 2015 to approximately HK$146.2 million for the year ended 31 March 2016. The increase in revenue is mainly due to the general increase in the service fees of fixed manned security guarding services charged by the Group as a result of the increase in the guard cost due to the amendment of the Minimum Wage Ordinance effective in May 2015 and the increase in the administrative fees due to the general inflation.

Cost of services rendered

For the years ended 31 March 2015 and 2016, cost of services rendered, which mainly consists of direct guard cost, was approximately HK$105.5 million and HK$118.7 million, respectively, representing approximately 81.0% and 81.1% 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.

At 31 March 2016, the Group had a total of 1,209 employees, of which 1,173 were full-time and part-time guards providing manned security guarding and related services.

Gross profit

The Group's gross profit increased by approximately HK$2.8 million or 11.2% from approximately HK$24.8 million for the year ended 31 March 2015 to approximately HK$27.6 million for the year ended 31 March 2016 while the Group's gross profit margin is remain stable as compared to last year from approximately 19.0% for the year ended 31 March 2015 to approximately 18.9% for the year ended 31 March 2016. The increase in gross profit was mainly due to the increase in revenue with no significant change in the gross profit margin.

Administrative expenses

The Group's administrative expenses increased by approximately HK$10.8 million or 63.5% from approximately HK$17.0 million for the year ended 31 March 2015 to HK$27.8 million for the year ended 31 March 2016. The increase in the Group's administrative expenses was mainly due to the legal and professional fees in relation to the acquisition of Magn Investment by the Group.

Other operating expenses

Other operating expenses for the year ended 31 March 2016 amounted to nil (2015: approximately HK$3.6 million). In 2015, the Group's other operating expenses primarily consist of listing expenses in relation to the placing on the GEM of the Stock Exchange, 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$0.3 million or 100% from HK$0.3 million for the year ended 31 March 2015 to nil for the year ended 31 March 2016. The decrease in the finance costs was mainly due to the Group's bank borrowings have been fully repaid during the year ended 31 March 2015.

Share of result of an associate

The Group's share of profit of its associated company for the year ended 31 March 2016 was approximately HK$1.1 million. Due to more mobile games were launched in December 2015, the mobile game business commenced to generate the profit in December 2015.

Loss for the year

Loss attributable to owners of the Company for the year ended 31 March 2016 amounted to approximately HK$55 thousand as compared to a profit of approximately HK$2.9 million for the year ended 31 March 2015. The Group's net profit/(loss) margin decreased from approximately 2.2% for the year ended 31 March 2015 to approximately (0.03)% for the year ended 31 March of 2016. 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 2016, the Group had entered into 424 new or renewed contracts, of which 290, 45 and 89 are fixed, temporary and event security guarding services contracts respectively. At 31 March 2016, the Group had a total number of 215 unexpired security guarding services contracts.

OUTLOOK

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 also intends to 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.

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 commenced.

After the completion of the acquisition of 25% equity interest in Magn Investment by the Group, the Group holds 45% equity interest in Magn Investment. As a result, the Group can better utilise or be granted with flexibility in managing our relevant man power, such as programmers, and other resources, such as developed intellectual assets, in the course of developing our intelligence building automation system business. In addition, the Board considers that the acquisition can diversify the Group's businesses and broaden its profit base.

On 30 March 2016, the associates of the Company, Timing Advertisement and MAGN Cultural entered into the Agreement with Mr. Chen and the Growth Fund, pursuant to which the Growth Fund agreed to invest RMB80 million in the mobile game 鬼吹燈3D (Ghost blows 3D*) operated by MAGN Cultural in return for the profit to be generated by the Project. Pursuant to the agreement, the Growth Fund agreed to invest a total amount of RMB80 million in the Project operated by MAGN Cultural by way of several installments of loan. The number of installments, interest rate, and time of withdrawal and repayment of the Loan shall be subject to further agreement among the parties. The purpose of the Loan is limited for the marketing, publication and operation of the Project. Please refer to the announcement of the Company dated 30 March 2016 for details.

On 6 May 2016, the Company issued HK$19,500,000 unsecured redeemable promissory note (the "Promissory Note") to Mr. Fu Yik Lung ("Mr Fu"), the chairman of the Company, an executive director and a substantial shareholder (as defined under the GEM Listing Rules). The Promissory Note bears an interest rate of 5% per annum for a term of 2 years. The principal amount of the Promissory Note was arrived at after arm's length negotiations between the Company and Mr. Fu. The Board is of the view that the Promissory Note as a financial support from Mr. Fu would enhance the cash flows of the Group and increase the base of working capital for the Group's daily operation and the development of its existing businesses and any other future development opportunities.

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.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Capital structure

As at 31 March 2016, the share capital and equity attributable to owners of the Company amounted to approximately HK$6.4 million and HK$59.8 million respectively (as at 31 March 2015: approximately HK$6.4 million and HK$55.8 million respectively).

Cash position

As at 31 March 2016, the cash at banks and in hand of the Group amounted to approximately HK$36.5 million (2015: approximately HK$33.8 million), representing an increase of approximately HK$2.7 million as compared to that as at 31 March 2015.

Bank borrowings

As at 31 March 2015 and 2016, the Group did not have any bank borrowings.

Charges over assets of the Group

As at 31 March 2015 and 2016, none of the Group's leasehold land and buildings under property, plant and equipment was pledged.

Gearing ratio

As at 31 March 2016, the gearing ratio of the Group was nil (2015: nil). 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 and 2016, the Group did not have any bank borrowings, bank overdrafts and obligation under finance leases.

Capital expenditure

The Group purchased property, plant and equipment amounting to approximately HK$0.5 million for the year ended 31 March 2016 which mainly comprises of acquisition of motor vehicles (2015: HK$5.0 million).

Capital commitments

As at 31 March 2016, the Group did not have any capital commitments. (2015: nil).

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 2016, 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 2016.

Significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies, and plans for material investments or capital assets

In April 2015, the Group entered into a subscription agreement with Magn Investment Limited ("Magn Investment"), wherein the Group conditionally agreed to subscribe 20% of the enlarged issued shares of Magn Investment. Magn Investment is an investment holding company of 新動傳媒中國有限公司 (Magn Media (China) Holdings Limited*) ("Magn Media (China)"), which is principally engaged in (i) the research and development of computer and mobile software, including security software, advertisement sale management software, gaming platform operation software, payment software and office software; and (ii) through a series of variable interest entities contracts (the "VIE Contracts"), operations of gaming products. As a condition precedent to completion of the transactions contemplated under the said subscription agreement, the Group agreed to establish a joint venture with Magn Investment for the purpose of research and develop security system software for intelligence building automation system. In September 2015, the Group and Magn Investment entered into the joint venture agreement in relation to the formation of the joint venture. Magn Investment becomes an associate of the Company after the completion of the said subscription.

In October 2015, the Group entered into an equity transfer agreement with Magn Group Limited ("Magn Group"), pursuant to which the Company conditionally agreed to acquire and Magn Group conditionally agreed to sell the 80% equity interest in Magn Investment. In November 2015, the Company and Magn Group further entered into a supplemental agreement, pursuant to which the parties agreed to amend the equity interest of Magn Investment to be acquired by the Group from 80% to 25% and adjusted the consideration accordingly. In December 2015, the Group completed the acquisition of 25% equity interest in Magn Investment. After the completion of the acquisition, the Group holds 45% equity interest in Magn Investment.

Save as disclosed in this announcement, the Group did not have any material acquisition or disposal of subsidiaries or associates during the Reporting Period.

Contingent liabilities

As at 31 March 2015 and 2016, the Group had no material contingent liabilities.

Employees and remuneration policy

The Group had 1,209 employees (including Directors) as at 31 March 2016 (2015: 1,141 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 2016, no share options were granted, exercised, expired or lapsed and there was no outstanding share options under the Scheme.

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

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE CODE

During the Reporting Period, 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 (the "Code").

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 Reporting Period.

EVENT AFTER THE REPORTING PERIOD

On 6 May 2016, the Company as an issuer and Mr. Fu, the chairman of the Company, an executive director of the Company, as noteholder, entered into a promissory note with an aggregate principal amount of HK$19,500,000 (the "Promissory Note"). The Promissory Note bears an interest rate of 5% per annum for a term of 2 years. Further details of the Promissory Note are disclosed in the announcement dated 6 May 2016 issued by the Company.

On 27 May 2016, the Group, as a purchaser, entered into the sale and purchase agreement with a Hong Kong resident and a PRC resident, pursuant to which the Group conditionally agreed to acquire and the Hong Kong resident and the PRC resident conditionally agreed to sell 60% of the issued share capital in the General Venture Enterprises Limited for a maximum consideration of HK$80,000,000, subject to adjustment on guaranteed profit. The consideration shall be settled by way of issue of the consideration shares at the issue price of HK$0.50 each. Further details of the acquisition are disclosed in the announcement dated 27 May 2016 issued by the Company. Up to the date of this report, the acquisition has not been completed yet.

REVIEW BY AUDIT COMMITTEE

The Company has established an 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 auditors and to provide advice and comments to the Board on matters related to corporate governance. The Audit Committee consists of three members, namely Ms. Au Man Yi (Chairman), Professor 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 2016.

SCOPE OF WORK OF AUDITOR

The financial figures in respect of this announcement of the Group's results for the year ended 31 March 2016 have been agreed by the Group's auditor, BDO Limited ("BDO"), to the amounts set out in the Company's consolidated financial statements for the year ended 31 March 2016. The work performed by BDO in this respect did not constitute an 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 24 August 2016 (Wednesdays) at Room 1101, 11/F, 118 Connaught Road West, 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 23 August 2016 (Tuesday) to 24 August 2016 (Wednesdays) (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 22 August 2016 (Monday).

PUBLICATION OF 2016 ANNUAL REPORT

The 2016 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 Group Holdings Limited
Fu Yik Lung
Chairman and Executive Director

Hong Kong, 23 June 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 Mr. Chen Yunchuo; and the independent non-executive Directors are Professor Lam Sing Kwong, Simon, Mr. Ong Chi King and Ms. Au Man Yi.

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.

* *English name for identification purpose only*