

**KING FORCE SECURITY HOLDINGS LTD:
AFFLUENT SOCIETIES, UNFORTUNATELY, NEED SUCH COMPANIES**

In affluent societies, the need for security is greatest. This is a truism that hardly needs to be extrapolated since it is self-evident.

When Mr Fu Yik Lung () determined to obtain the entire Issued Share Capital of King Force Security Ltd () between 2005 and 2007 at the cash consideration of about \$HK10,000, he, most likely, had an inkling of the then, and the future importance and of the vast potential of the security guarding services industry in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC).

Today, the financials of King Force Security Holdings Ltd () (Code: 8315, The **G**rowth **E**nterprise **M**arket [The **GEM**] of The Stock Exchange of Hongkong Ltd), the holding company of the King Force Security Group of Companies, is proof positive of Mr Fu Yik Lung's perspicaciousness.

The Initial Public Offering (IPO)

King Force Security is Placing 160 million, one-cent Shares at the Indicative Placing Price Per Share, ranging from a low of 30 cents to a high of 40 cents.

Of the total number of shares that are to be Placed, 112 million are New Shares and 48 million are Shares, being Placed by Optimistic King Ltd, a company, domiciled in the **B**ritish **V**irgin **I**slands (**BVI**) that is wholly owned by Mr Fu Yik Lung.

Without printing bump in order to disguise the true intent of the IPO, Page 170 of the Placing Prospectus states, clearly, that the flotation *'will provide the Company with additional avenues to raise capital for its future business expansion and long-term development, and expand and diversify its capital base and Shareholders base as institutional funds and retail investors in Hong Kong can easily participate in the equity of the Company. The net proceeds from the Placing of the New Shares will strengthen the Group's financial position and provide us with additional working capital to implement the future plans...'*

At the midpoint of the Indicative Placing Price Per Share, being 35 cents, the Company estimates that it will net about \$HK29.80 million.

That relatively modest sum of money is destined to be utilised over the next three years as follows:

- About 6.40 percent of the net proceeds, that is about \$HK1.90 million, to retire some of the Company's debts to its bankers;
- About 31.90 percent of the net proceeds, that is about \$HK9.50 million, for the recruitment and expansion of the security guarding and patrol-team division;
- About 37.80 percent of the net proceeds, that is about \$HK11.25 million, for strengthening staff recruitment and training;
- About 7.60 percent of the net proceeds, that is about \$HK2.25 million, for expanding the sales and marketing department;
- About 6.70 percent of the net proceeds, that is about \$HK2.00 million, to increase Company efficiency and enhancing the quality of service; and,
- About 9.70 percent of the net proceeds, that is about \$HK2.90 million, to be tipped into the Working

Capital Account.

With regard to the first-mentioned usage of the net proceeds, it is noted that, as at June 30, 2014, the Company had bank borrowings of about \$HK5.94 million, only.

The Consolidated Statements of Financial Position, found at Appendix I-5 of the Placing Prospectus, indicates that, as at March 31, 2014, King Force Security had cash at banks and in hand, amounting to about \$HK3.14 million, with an amount of about \$HK9.68 million, owed to the Company by Mr Fu Yik Lung.

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