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Kwong Man Kee Group Limited

鄺文記集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8023)

CONNECTED TRANSACTION ACQUISITION OF PROPERTY

THE ACQUISITION

The Board announces that, on 8 February 2018 (after trading hours), the Purchaser (an indirectly wholly-owned subsidiary of the Company) entered into the Agreement with the Vendors (Ms. Ke, Mr. Kwong and Mr. Yip), pursuant to which the Vendors agreed to sell and the Purchaser agreed to purchase the Property at a consideration of HK\$4,180,000.

IMPLICATIONS UNDER THE GEM LISTING RULES

Mr. Kwong is an executive Director and one of the controlling shareholders of the Company. Accordingly, Mr. Kwong is a connected person of the Company and the Acquisition constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules.

As the highest applicable percentage ratio calculated pursuant to Rule 19.07 of the GEM Listing Rules in respect of the Acquisition exceeds 0.1% but is less than 5%, the Acquisition is only subject to the reporting and announcement requirements pursuant to Rule 20.74(2) of the GEM Listing Rules, and is exempt from the independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

INTRODUCTION

The Board announces that, on 8 February 2018 (after trading hours), the Purchaser (an indirectly wholly-owned subsidiary of the Company) entered into the Agreement with the Vendors (Ms. Ke, Mr. Kwong and Mr. Yip), pursuant to which the Vendors agreed to sell and the Purchaser agreed to purchase the Property at a consideration of HK\$4,180,000.

THE AGREEMENT

Major terms of the Agreement are set out as below:

Date

8 February 2018

Parties

(a) the Purchaser: Kwong Man Kee Engineering Limited

(b) the Vendors: Ms. Ke, Mr. Kwong, and Mr. Yip

Property

The Property being the Workshop I unit on 11th Floor of Block I Kingswin Industrial Building is an industrial property located at Nos. 32 – 50 Lei Muk Road, Kwai Chung, New Territories, Hong Kong with a gross floor area and a saleable area of approximately 139.82 and 97.55 square metres respectively.

Consideration and Terms of Payment

The consideration for the Acquisition is HK\$4,180,000 which shall be payable by the Purchaser to the Vendors in the following manner:

- (a) 50% of the consideration to be paid upon signing of the Agreement; and
- (b) 50% of the consideration to be payable upon completion of the Acquisition.

Completion

Completion of the Acquisition shall take place on or before 28 February 2018.

BASIS OF CONSIDERATION

The consideration of the Acquisition was determined after arm's length negotiations between the Vendors and the Purchaser with reference to (i) the valuation of the Property at HK\$4,180,000 as at 15 January 2018 by an independent property valuer; and (ii) the market value of similar properties in the locality. The Company will finance the payment for the Acquisition by the internal resources of the Group.

INFORMATION ON THE PROPERTY

The Vendors are the beneficial owners of the Property with each of Ms. Ke, Mr. Kwong and Mr. Yip holding 1/3 interest in the Property as tenants in common. The Vendors purchased the Property in March 2013 in the sum of HK\$3,000,000.

The Purchaser entered into a tenancy agreement with the Vendors to rent the Property commencing from 1 August 2017 at a monthly rent of HK\$12,000 for warehouse of the Group's equipment and raw materials. Upon completion of the Acquisition, the tenancy agreement will be terminated.

INFORMATION ON THE VENDORS

The Vendors are the ultimate beneficial owners of the Property. As at the date of this announcement, to the best of the directors' knowledge, information and belief, and having made all reasonable enquiries, Ms. Ke is a third party independent of the Group. Mr. Kwong is an executive Director and one of the controlling shareholders of the Company. Mr. Yip is a senior management member of the Group.

INFORMATION ON THE PURCHASER AND THE GROUP

The Group is principally engaged in the Hong Kong car park flooring industry, which provides (i) flooring services, which involve the application of proprietary floor coating products for the purpose of providing a colorful, slip-resistance, hard wearing surface that is resistant against water and petrochemicals; and (ii) ancillary services, which include concrete repairing and wall painting work in Hong Kong. The Purchaser is an indirectly wholly-owned subsidiary of the Company.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Purchaser has been renting the Property from the Vendors for warehouse purpose since 1 August 2017. The Board perceives the Acquisition to be a good opportunity for the Purchaser to establish a permanent storage premise in Hong Kong.

Further, the Group has been exploring investment opportunities in Hong Kong and is positive about the long-term prospects of the property market in Hong Kong.

The Board is of the view that (i) the Acquisition was entered into after arm's length negotiations and in the ordinary and usual course of business of the Group, on normal commercial terms or better; and (ii) the terms of the Acquisition are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

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As the highest applicable percentage ratio calculated pursuant to Rule 19.07 of the GEM Listing Rules in respect of the Acquisition exceeds 0.1% but is less than 5%, the Acquisition is only subject to the reporting and announcement requirements pursuant to Rule 20.74(2) of the GEM Listing Rules, and is exempt from the independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

Mr. Kwong is deemed to have material interest in the Acquisition and has abstained from voting on the relevant Board resolutions in relation to the Acquisition.

DEFINITIONS

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

“Acquisition”	acquisition of the Property by the Purchaser from the Vendors
“Agreement”	the sale and purchase agreement dated 8 February 2018 entered into between the Vendor and the Purchaser in respect of the Acquisition
“Board”	the board of Directors
“Company”	Kwong Man Kee Group Limited (鄺文記集團有限公司), a company incorporated in the Cayman Islands, the shares of which are listed on GEM
“Connected person(s)”	has the meaning ascribed under the GEM Listing Rules
“Connected transaction(s)”	has the meaning ascribed under the GEM Listing Rules
“Controlling shareholder(s)”	has the meaning ascribed under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Property”	Workshop I on 11th Floor of Block I Kingswin Industrial Building, Nos. 32-50 Lei Muk Road, Kwai Chung, New Territories, Hong Kong

“Purchaser”	Kwong Man Kee Engineering Limited (鄺文記工程有限公司), a company incorporated under the laws of Hong Kong and an indirectly wholly-owned subsidiary of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial shareholder(s)”	has the meaning ascribed under the GEM Listing Rules
“Vendors”	Ms. Ke Hongxia (“ Ms. Ke ”), Mr. Kwong Chi Man (“ Mr. Kwong ”) and Mr. Yip Kong Lok (“ Mr. Yip ”)
“%”	per cent

By order of the Board
Kwong Man Kee Group Limited
Mr. Kwong Chi Man
Chairman and Executive Director

Hong Kong, 8 February 2018

As at the date of this announcement, the executive Directors are Mr. Kwong Chi Man and Mr. Yip Wai Man and the independent non-executive Directors are Ms. Yu Wan Wah Amparo, Mr. Law Pui Cheung and Mr. Wat Danny Hiu Yan.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the GEM website on the “Latest Listed Company Information” page for at least 7 days from the date of its posting and the Company’s website at www.kmk.com.hk.