

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in K W Nelson Interior Design and Contracting Group Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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K W Nelson Interior Design and Contracting Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8411)

PROPOSALS FOR
(1) GRANTING OF GENERAL MANDATES TO REPURCHASE
AND ISSUE SHARES;
(2) EXTENSION OF ISSUE MANDATE;
(3) RE-ELECTION OF RETIRING DIRECTORS,
(4) DECLARATION OF A FINAL DIVIDEND;
(5) RE-APPOINTMENT OF INDEPENDENT AUDITOR;
AND
NOTICE OF ANNUAL GENERAL MEETING

A notice convening an annual general meeting (the “AGM”) of K W Nelson Interior Design and Contracting Group Limited (the “Company”) to be held at CMA, 12/F., Tai Yip Building, 141 Thomson Road, Wanchai, Hong Kong on Wednesday, 15 April 2020 at 10:00 a.m. is set out on pages 14 to 18 of this circular. Whether or not you are able to attend the AGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Hong Kong branch share registrar of the Company, Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible and in any event no later than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the AGM or any adjourned meeting thereof should you so wish.

This circular will remain on the GEM website at www.hkgem.com on the “Latest Listed Company Information” page for seven (7) days from the date of its posting and on the Company’s website at www.kwnelson.com.hk.

5 March 2020

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be convened and held at CMA, 12/F., Tai Yip Building, 141 Thomson Road, Wanchai, Hong Kong on Wednesday, 15 April 2020 at 10:00 a.m. or any adjournment thereof
“Articles of Association”	the articles of association of the Company
“Board”	the board of Director(s)
“Company”	K W Nelson Interior Design and Contracting Group Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM
“Director(s)”	the director(s) of the Company
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Mandate”	the issue mandate proposed to be granted to the Directors at the AGM to allot, issue and deal with Shares not exceeding 20% of the Shares in issued as at the date of passing the relevant resolution for approving the issue mandate
“Latest Practicable Date”	28 February, 2020, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Repurchase Mandate”	the repurchase mandate proposed to be granted to the Directors at the AGM to exercise the powers of the Company to repurchase fully paid Shares up to a maximum of 10% of the Shares in issued as at the date of passing the relevant resolution for approving the repurchase mandate
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company

DEFINITIONS

“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs
“%”	per cent

LETTER FROM THE BOARD

K W Nelson Interior Design and Contracting Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8411)

Executive Directors:

Mr. Lau King Wai (*Chairman and chief executive officer*)

Ms. Leung May Yan

Mr. Wong Siu Hong Edward

Independent non-executive Directors:

Mr. Li Wai Kwan

Mr. Hui Harry Chi

Ms. So Patsy Ying Chi

Registered office:

Cricket Square

Hutchins Drive

PO Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Principal place of business
in Hong Kong:*

Room 1703, 17th Floor

Technology Plaza

651 King's Road

Quarry Bay

Hong Kong

5 March 2020

To the Shareholders

Dear Sirs,

**PROPOSALS FOR
(1) GRANTING OF GENERAL MANDATES TO REPURCHASE
AND ISSUE SHARES;
(2) EXTENSION OF ISSUE MANDATE;
(3) RE-ELECTION OF RETIRING DIRECTORS,
(4) DECLARATION OF A FINAL DIVIDEND;
(5) RE-APPOINTMENT OF INDEPENDENT AUDITOR;
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide the Shareholders with information in respect of the resolutions to be proposed at the AGM for, among other matters, (i) the granting of the Repurchase Mandate; (ii) the granting of the Issue Mandate; (iii) the extension of the Issue Mandate; (iv) the re-election of the retiring Directors; (v) the declaration of a final dividend; and (vi) the re-appointment of independent auditor, and to give the shareholders notice of AGM at which ordinary resolutions as set out in the notice of AGM will be proposed.

LETTER FROM THE BOARD

REPURCHASE MANDATE

At the annual general meeting of the Company held on 9 April 2019, an ordinary resolution was passed for granting the existing Repurchase Mandate to the Directors and the existing Repurchase Mandate will be expired at the conclusion of the AGM.

An ordinary resolution will be proposed at the AGM to grant to the Directors a fresh Repurchase Mandate, i.e. a general and unconditional mandate to repurchase Shares subject to the maximum number of Shares of up to 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of such resolution.

The fresh Repurchase Mandate, if granted, shall be effective until whichever is the earliest of (i) the date of the next annual general meeting of the Company; (ii) the date by which the next annual general meeting of the Company is required to be held by the Articles of Association or any applicable laws of the Cayman Islands; and (iii) the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders in a general meeting of the Company.

An explanatory statement in connection with the Repurchase Mandate is set out in Appendix I to this circular. The explanatory statement contains all the requisite information required under the GEM Listing Rules to be given to the Shareholders to enable them to make an informed decision on whether to vote for or against the resolution approving the Repurchase Mandate.

ISSUE MANDATE

At the annual general meeting of the Company held on 9 April 2019, an ordinary resolution was passed for granting the existing Issue Mandate to the Directors and the existing Issue Mandate will be expired at the conclusion of the AGM.

An ordinary resolution will be proposed at the AGM to grant to the Directors a fresh Issue Mandate, i.e. a general and unconditional mandate to allot, issue and deal with, otherwise by way of rights issue or any option scheme or similar arrangements for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of Shares or rights to acquire Shares in the Company or any Shares issued as scrip dividends pursuant to the memorandum and articles of association of the Company, additional Shares with an aggregate nominal value not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of such resolution.

Based on 1,000,000,000 Shares in issue as at the Latest Practicable Date and assuming no further Shares are issued and no Shares are repurchased after the Latest Practicable Date and up to the date of the AGM, the Directors will be able to allot, issue and deal with up to a total of 200,000,000 Shares if the fresh Issue Mandate is granted at the AGM, which will remain in effect until the earliest of (i) the date of the next annual general meeting of the Company; (ii) the date by which the next annual general meeting of the Company is required

LETTER FROM THE BOARD

to be held by the Articles of Association or any applicable laws of the Cayman Islands; and (iii) the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders in a general meeting of the Company.

EXTENSION OF ISSUE MANDATE

Subject to and conditional upon the passing of the resolutions to grant the Issue Mandate and the Repurchase Mandate, an ordinary resolution will be proposed at the AGM to extend the Issue Mandate by the addition to the aggregate nominal amount of the share capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to such general mandates of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company pursuant to the Repurchase Mandate provided that such extended amount shall not exceed 10% of the aggregate of the total nominal amount of the issued share capital of the Company on the date of passing the resolution for approving the Issue Mandate.

RE-ELECTION OF RETIRING DIRECTORS

In accordance with article 84 of the Articles of Association, Mr. Hui Harry Chi (“Mr. Hui”) and Ms. So Patsy Ying Chi (“Ms. So”) shall retire from office as Directors by rotation at the AGM and, being eligible, offer themselves for re-election.

Details relating to the retiring Directors who offer themselves for re-election are set out in Appendix II to this circular.

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK0.25 cent per Share in respect of the year ended 31 December 2019. Conditional upon the passing of an ordinary resolution by the Shareholders at the AGM, the proposed final dividend will be payable on or around 13 May 2020 to the Shareholders whose names appear on the register of members of the Company on 24 April 2020. The register of members of the Company will be closed from Wednesday, 22 April 2020 to Friday, 24 April 2020, both days inclusive, during which period no transfer of Shares will be registered. All final dividends will be paid in Hong Kong dollars.

In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar of the Company, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 21 April 2020.

ANNUAL GENERAL MEETING

The notice of the AGM is set out on pages 14 to 18 of this circular. At the AGM, resolutions will be proposed to approve, inter alia, the granting of the Repurchase Mandate and Issue Mandate and the extension of the Issue Mandate by the addition thereto of the number of Shares repurchased pursuant to the Repurchase Mandate, the re-election of retiring Directors, the declaration of a final dividend and the re-appointment of independent auditor.

LETTER FROM THE BOARD

A form of proxy for use at the AGM is enclosed with this circular. In order to be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof. The completion and return of the form of proxy will not preclude any Shareholder from attending and voting at the meeting if so wish.

PRECAUTIONARY MEASURES FOR THE ANNUAL GENERAL MEETING

Taking into account of the recent development of the epidemic caused by novel coronavirus pneumonia (COVID-19), the Company will implement the following prevention and control measures at the AGM against the epidemic to protect the Shareholders from the risk of infection:—

- (i) Compulsory body temperature check will be conducted for every Shareholder or proxy at the entrance of the venue. Any person with a body temperature of over 37.5 degrees Celsius will not be admitted to the venue;
- (ii) Every Shareholder or proxy is required to wear surgical facial mask throughout the meeting; and
- (iii) No refreshment will be served.

Furthermore, the Company wishes to advise the Shareholders, particularly Shareholders who are subject to quarantine in relation to COVID-19, that they may appoint any person or the chairman of the AGM as a proxy to vote on the resolution, instead of attending the AGM in person.

GEM LISTING RULES REQUIREMENT

According to rule 17.47(4) of the GEM Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, all the resolutions put to the vote at the AGM will be taken by way of poll and the Company will announce the results of the poll in the manner prescribed under rule 17.47(5) of the GEM Listing Rules.

RESPONSIBILITY STATEMENTS

This circular, 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 circular is accurate and complete in all material aspects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors believe that the granting of the Repurchase Mandate and the Issue Mandate, the extension of the Issue Mandate, the re-election of retiring Directors, the declaration of a final dividend and the re-appointment of independent auditor are in the best interests of the Company and the Shareholders as a whole and recommend the Shareholders to vote in favour of the relevant resolutions as set out in the notice of the AGM on pages 14 to 18 of this circular.

Yours faithfully

For and on behalf of the Board of

K W Nelson Interior Design and Contracting Group Limited

Lau King Wai

Chairman and chief executive officer

This Appendix serves as an explanatory statement, as required by the GEM Listing Rules, to provide the requisite information to you for your consideration of the Repurchase Mandate.

1. REPURCHASE OF SECURITIES FROM CONNECTED PARTIES

The GEM Listing Rules prohibit a company from knowingly purchasing securities on the Stock Exchange from a “core connected person”, that is, a director, chief executive or substantial shareholder of the Company or any of its subsidiaries or their respective close associates and a core connected person is prohibited from knowingly selling his/her/its securities to the Company.

No core connected person of the Company has notified the Company that he/she/it has a present intention to sell any Shares to the Company nor has any such core connected person undertaken not to sell any of the Shares held by him/her/it to the Company in the event that the Repurchase Mandate is approved by the Shareholders.

2. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,000,000,000 fully paid Shares.

Subject to the passing of the ordinary resolution for the approval of the Repurchase Mandate and on the basis that no further Shares are issued or repurchased after the Latest Practicable Date and up to the date of passing of such resolution, the Directors would be authorised to repurchase up to a maximum of 100,000,000 Shares, representing 10% of the issued Shares as at the Latest Practicable Date, during the period ending on the earliest of (i) the date of the next annual general meeting of the Company, (ii) the date by which the next annual general meeting of the Company is required to be held by the Articles of Association or any applicable laws of the Cayman Islands, or (iii) the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders in a general meeting of the Company.

3. REASONS FOR THE REPURCHASE

The Directors have no present intention to repurchase any Shares but consider that the Repurchase Mandate is in the best interests of the Company and the Shareholders as a whole. An exercise of the Repurchase Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets per Share and/or earnings per Share and will only be made when the Directors believe that a repurchase will benefit the Company and the Shareholders as a whole.

4. FUNDING OF REPURCHASES

Pursuant to the Repurchase Mandate, repurchases would be funded entirely from the Company’s funds legally available under the Cayman Islands law and the memorandum and articles of association of the Company and the GEM Listing Rules for such purpose.

5. IMPACT ON WORKING CAPITAL OR GEARING LEVEL

An exercise of the Repurchase Mandate in full could have a material adverse impact on the working capital and gearing position of the Company compared with that as at 31 December 2019, being the date of its latest published audited consolidated financial statements. The Directors do not, however, intend to make any repurchase in circumstances that would have a material adverse impact on the working capital or gearing position of the Company.

6. SHARE PRICES

The highest and lowest prices at which the Shares had been traded on the Stock Exchange for the last twelve months and up to the Latest Practicable Date were as follows:

	Price per Share	
	Highest HK\$	Lowest HK\$
2019		
February	0.213	0.189
March	0.220	0.181
April	0.220	0.190
May	0.197	0.166
June	0.200	0.165
July	0.181	0.161
August	0.197	0.146
September	0.230	0.145
October	0.200	0.142
November	0.186	0.142
December	0.160	0.140
2020		
January	0.167	0.145
February (<i>up to and including the Latest Practicable Date</i>)	0.174	0.141

7. DIRECTORS AND THEIR ASSOCIATES

None of the Directors or, to the best of their knowledge having made all reasonable enquiries, their close associates, have any present intention to sell to the Company or its subsidiaries any of the Shares in the Company if the Repurchase Mandate is approved at the AGM.

8. UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate in accordance with the GEM Listing Rules and applicable laws of the Cayman Islands, and in accordance with the regulations set out in the memorandum and articles of association of the Company.

9. EFFECT OF TAKEOVERS CODE

If a Shareholder's proportionate interest in the voting rights of the Company increases on the Company exercising its powers to repurchase Shares pursuant to the Repurchase Mandate, such an increase will be treated as an acquisition for the purpose of the Takeovers Code. As a result, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. The Directors are not aware of any Shareholders, or a group of Shareholders acting in concert, who may become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code in the event that the Directors exercise the power to repurchase Shares pursuant to the Repurchase Mandate.

As at the Latest Practicable Date, based on disclosures made under Part XV of the SFO and to the best of the knowledge and belief of the Company, information on the substantial Shareholders was as follows:

Substantial shareholders	Number of Shares held	Approximate percentage of existing shareholding	Approximate percentage of shareholding if Repurchase Mandate is exercised in full
Sino Emperor Group Limited (<i>Note 1</i>)	750,000,000	75%	83.33%
Mr. Lau King Wai	750,000,000	75%	83.33%
Ms. Chan Pui Shan, Jessica (<i>Note 2</i>)	750,000,000	75%	83.33%

Note:

1. Sino Emperor Group Limited ("Sino Emperor") is a company incorporated in the British Virgin Islands. The entire issued share capital of Sino Emperor is 100% beneficially owned by Mr. Lau King Wai. By virtue of the SFO, Mr. Lau is deemed to have interest of Shares held by Sino Emperor.
2. 750,000,000 Shares are held by Sino Emperor, which is a company controlled by Mr. Lau King Wai. By virtue of the SFO, Ms. Chan Pui Shan, Jessica, who is the spouse of Mr. Lau King Wai, is taken to be interested in these Shares.

In the event that the Directors exercise the proposed Repurchase Mandate in full, the increase in above shareholdings in the Company would not give rise to an obligation to make a mandatory offer under the Takeovers Code.

The Directors have no present intention to exercise the Repurchase Mandate to such extent as to result in takeover obligation or the public holding of Shares would be reduced below 25% of the issued share capital of the Company.

10. SHARES REPURCHASE MADE BY THE COMPANY

No repurchases of Shares have been made by the Company (whether on the Stock Exchange or otherwise) during the year ended 31 December 2019 and up to the Latest Practicable Date.

The followings are the biographical details of the Directors who will retire, and being eligible, offer themselves for re-election at the AGM pursuant to the Articles of Association.

Mr. Hui Harry Chi (許志偉), aged 56, was appointed as an independent non-executive Director on 18 November 2016. He is the chairman of the remuneration committee and a member of the audit committee and nomination committee.

Mr. Hui has approximately 16 years of experience in marketing and business management. He has been a managing director of ClearVue Partners (Shanghai) Limited, which is principally engaged in private equity investment, since 31 October 2012, and he is responsible for the overall business development and investment strategies. He was a president of Universal Music International Limited, which is principally engaged in music production, from 2002 to 2006, and he was responsible for managing overall business in Asia (except Japan). From December 2006 to 2010, he was a vice president of China beverages business unit of Pepsico Investment (China) Limited in China, which is principally engaged in sale and distribution of beverages, and he was responsible for customer service relation strategies.

Mr. Hui obtained a bachelor of science in economics and business degree from University at Albany-SUNY in the United States in May 1985 and a master of business administration degree from University of Southern California in the United States in December 1992.

Mr. Hui has entered into a letter of appointment with the Company for a term of three years unless terminated by either party giving at least three months' notice in writing. Pursuant to the letter of appointment, Mr. Hui is entitled to an annual Director's fee of HK\$120,000. Mr. Hui is subject to retirement by rotation and re-election at the AGM in accordance with the Articles of Association. His emolument was determined by the Board by reference to the Company's operating results, his performance, seniority, experience, duties and responsibilities within the Group and comparable market statistics and shall be reviewed annually by the remuneration committee.

The Board would consider to enhance its diversity with different expertise when appointing or re-electing an independent non-executive Director. Mr. Hui has confirmed his independence pursuant to Rule 5.09 of the GEM Listing Rules and possess extensive experience in commercial and business expertise. The Board considers Mr. Hui is independent and can bring further contributions to the Board and its diversity.

Save as disclosed above, as at the Latest Practicable Date, Mr. Hui confirms that he (i) did not hold any other directorships in the last three years prior to the Latest Practicable Date in public companies, the securities of which are listed on any securities market in Hong Kong or overseas; (ii) did not hold other positions in the Company or other members of the Group; (iii) does not have any other relationship with any Directors, senior management, Substantial shareholders or controlling Shareholders of the Company nor any interests in the Shares within the meaning of Part XV of the SFO.

Ms. So Patsy Ying Chi (蘇瑩枝), aged 60, was appointed as an independent non-executive Director on 18 November 2016. She is the chairlady of the audit committee and a member of the remuneration committee and nomination committee.

Ms. So has approximately 19 years of experience in investment and institutional banking and approximately 7 years of experience in financial management in a listed company. Currently, she is a consultant to a management consultancy firm. Ms. So worked at Westpac Banking Corporation from December 1988 to April 2004, the last position she served was the head of operations and finance responsible for overseeing the overall operations. Subsequently, she worked at VXL Capital Limited (currently known as Crown International Corporation Ltd.), which is listed on the Main Board (stock code: 727) and principally engaged in property investment and hotel investment and operations, and she served as a financial controller responsible for financial management and an executive director responsible for overseeing business development from June 2004 to July 2009 and from February 2005 to July 2008, respectively.

Ms. So obtained a bachelor of commerce degree in accounting, finance and systems from The University of New South Wales in Australia in October 1982. She became an associate member of Chartered Accountants Australia and New Zealand in December 1986.

Ms. So has entered into a letter of appointment with the Company for a term of three years unless terminated by either party giving at least three months' notice in writing. Pursuant to the letter of appointment, Ms. So is entitled to an annual Director's fee of HK\$120,000. Ms. So is subject to retirement by rotation and re-election at the AGM in accordance with the Articles of Association. Her emolument was determined by the Board by reference to the Company's operating results, her performance, seniority, experience, duties and responsibilities within the Group and comparable market statistics and shall be reviewed annually by the remuneration committee.

The Board would consider to enhance its diversity with different expertise when appointing or re-electing an independent non-executive Director. Ms. So has confirmed her independence pursuant to Rule 5.09 of the GEM Listing Rules and possess extensive experience in financial and accounting expertise. The Board considers Ms. So is independent and can bring further contributions to the Board and its diversity.

Save as disclosed above, as at the Latest Practicable Date, Ms. So confirms that she (i) did not hold any other directorships in the last three years prior to the Latest Practicable Date in public companies, the securities of which are listed on any securities market in Hong Kong or overseas; (ii) did not hold other positions in the Company or other members of the Group; (iii) does not have any other relationship with any Directors, senior management, Substantial shareholders or controlling Shareholders of the Company nor any interests in the Shares within the meaning of Part XV of the SFO.

NOTICE OF THE ANNUAL GENERAL MEETING

K W Nelson Interior Design and Contracting Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8411)

NOTICE IS HEREBY GIVEN that an annual general meeting (“**AGM**”) of K W Nelson Interior Design and Contracting Group Limited (the “**Company**”) will be held at CMA, 12/F., Tai Yip Building, 141 Thomson Road, Wanchai, Hong Kong on Wednesday, 15 April 2020 at 10:00 a.m. to transact the following ordinary businesses:

1. to receive, consider and adopt the audited consolidated financial statements and the reports of directors (the “**Directors**”) and independent auditor of the Company and its subsidiaries for the year ended 31 December 2019;
2. to declare a final dividend of HK0.25 cent per share of the Company for the year ended 31 December 2019;
3. (a) to re-elect the following retiring Directors:
 - (i) Mr. Hui Harry Chi as an independent non-executive Director;
 - (ii) Ms. So Patsy Ying Chi as an independent non-executive Director;(b) to authorise the board of Directors (the “**Board**”) to fix the Directors’ remuneration;
4. to re-appoint KPMG, Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance, as the independent auditor of the Company and to authorise the Board to fix its remuneration;

As special business, to consider and, if thought fit, pass with or without amendments, the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

5. “**THAT:**
 - (a) subject to paragraph (c) of this Resolution below, and pursuant to the Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with additional shares in the share capital of the Company (the “**Shares**”) or securities convertible into or exchangeable for Shares, or options or warrants, for similar rights to subscribe for any Shares and to make or grant offers, agreements and options which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;

NOTICE OF THE ANNUAL GENERAL MEETING

- (b) the approval in paragraph (a) of this Resolution above shall be in addition to any other authorisation given to the Directors and shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate number of share allotted or agreed conditionally or unconditionally to be allotted, issued or dealt with (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) of this Resolution above, otherwise than pursuant to (i) a Rights Issue (as defined below); or (ii) the exercise of any options granted under the share option scheme of the Company; or (iii) any issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company in force from time to time, shall not exceed the aggregate of 20% of the total number of the Shares in issue as at the date of the passing of this Resolution and such approval shall be limited accordingly; and
- (d) for the purposes of this Resolution:

“**Relevant Period**” means the period from the date of the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required to be held by the articles of association of the Company, the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated or revised from time to time) of the Cayman Islands or any other applicable laws; and
- (iii) the date on which the authority set out in this Resolution is revoked and varied by way of an ordinary resolution by the shareholders of the Company in general meeting;

“**Rights Issue**” means an offer of Shares, or offer or issue of warrants, options or other similar instruments giving the rights to subscribe for Shares open for a period fixed by the Directors to holders of Shares on the register on a fixed record date in proportion to their then holdings of Shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to the Company or any recognised regulatory body or any stock exchange applicable to the Company).”

NOTICE OF THE ANNUAL GENERAL MEETING

6. “**THAT:**

- (a) subject to paragraph (b) of this Resolution below, the exercise by the Directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to purchase the issued Shares of the Company on the Stock Exchange or any other stock exchange on which the Shares may be listed and recognised by the Securities and Futures Commission of Hong Kong (the “**Commission**”) and the Stock Exchange for this purpose, subject to and in accordance with the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated or revised from time to time) of the Cayman Islands or any other applicable laws, the Code on Share Buy-backs issued by the Commission and the requirements of the GEM Listing Rules, be and is hereby generally and unconditionally approved and authorised;
- (b) the aggregate number of the Shares which may be purchased by the Company pursuant to the approval in paragraph (a) of this Resolution above during the Relevant Period (as defined below) shall not exceed 10% of the aggregate number of the issued Shares as at the date of the passing of this Resolution and the authority pursuant to paragraph (a) of this Resolution shall be limited accordingly; and
- (c) for the purpose of this Resolution:

“**Relevant Period**” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required to be held by the articles of association of the Company, the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated or revised from time to time) of the Cayman Islands or any other applicable laws; and
- (iii) the date on which the authority set out in this Resolution is revoked and varied by way of an ordinary resolution by the shareholders of the Company in general meeting.”

NOTICE OF THE ANNUAL GENERAL MEETING

7. “**THAT** conditional upon the passing of Resolution nos. 5 and 6 set out above being passed, the general mandate granted to the Directors pursuant to Resolution no. 5 set out above be and is hereby extended by the addition thereto of the number of Shares representing the aggregate number of Shares repurchased under the authority granted pursuant to Resolution no. 6 set out in the above, provided that such number of shares shall not exceed 10% of the aggregate number of Shares in issued as at the date of passing this Resolution.”

Yours faithfully

On behalf of the board of directors of

K W Nelson Interior Design and Contracting Group Limited

Lau King Wai

Chairman and chief executive officer

Hong Kong, 5 March 2020

Registered office:

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Principal place of business

in Hong Kong:
Room 1703, 17th Floor
Technology Plaza
651 King's Road
Quarry Bay
Hong Kong

Notes:

1. A member entitled to attend and vote at the AGM convened by the above notice is entitled to appoint one or more proxy to attend and, subject to the provisions of the Articles of Association, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the AGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. In order to be valid, the form of proxy and the power of attorney (if any), under which it is signed or a notarially certified copy thereof, must be lodged, at the office of the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time for holding the meeting or adjourned meeting.
3. Completion and return of a form of proxy will not preclude members of the Company from attending and voting in person at the annual general meeting or any adjournment thereof should they so wish and in such event, the form of proxy shall be deemed to be revoked.
4. Where there are joint registered holders of any Shares, any one of such persons may vote at the AGM, either personally or by proxy, in respect of such Shares as if he were solely entitled thereto; but if more than one of such joint holders be present at the annual general meeting personally or by proxy, that one of the said person as present whose name stands first on the register in respect of such Share shall alone be entitled to vote in respect thereof.

NOTICE OF THE ANNUAL GENERAL MEETING

5. For the purpose of determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Wednesday, 8 April 2020 to Wednesday, 15 April 2020, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 7 April 2020.
6. For determining the entitlement to the proposed final dividend payable to shareholders of the Company, the register of members of the Company will be closed from Wednesday, 22 April 2020 to Friday, 24 April 2020, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 21 April 2020. The expected date of payment of the final dividend is Wednesday, 13 May 2020.
7. As at the date of this notice, the Board comprises Mr. Lau King Wai, Ms. Leung May Yan and Mr. Wong Siu Hong Edward as executive Directors, and Mr. Li Wai Kwan, Mr. Hui Harry Chi and Ms. So Patsy Ying Chi as independent non-executive Directors.
8. If Typhoon Signal No. 8 or above, or a "black" rainstorm warning is in effect any time after 7:00 a.m. on the date of the AGM, the meeting will be postponed. The Company will post an announcement on the website of the Company at www.kwnelson.com.hk and on the "Latest Listed Company Information" page of the GEM website at www.hkgem.com to notify shareholders of the Company of the date, time and place of the rescheduled meeting.
9. Taking into account of the recent development of the epidemic caused by novel coronavirus pneumonia (COVID-19), the Company will implement the following prevention and control measures at the AGM against the epidemic to protect the Shareholders from the risk of infection:
 - (i) Compulsory body temperature check will be conducted for every Shareholder or proxy at the entrance of the venue. Any person with a body temperature of over 37.5 degrees Celsius will not be admitted to the venue;
 - (ii) Every Shareholder or proxy is required to wear surgical facial mask throughout the meeting; and
 - (iii) No refreshment will be served.

Furthermore, the Company wishes to advise the Shareholders, particularly Shareholders who are subject to quarantine in relation to COVID-19, that they may appoint any person or the chairman of the AGM as a proxy to vote on the resolution, instead of attending the AGM in person.