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This announcement, for which the directors (the “Director(s)”) of KML Technology Group Limited (the “Company”, together with its subsidiaries, the “Group” or “We”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (“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.

KML Technology Group Limited

高萌科技集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8065)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER 2017

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF 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.

FINANCIAL HIGHLIGHTS

Revenue of the Group for the nine months ended 31 December 2017 amounted to approximately Hong Kong dollars (“HK\$”) 146.7 million while gross profit of the Group for the same period amounted to approximately HK\$40.6 million.

The net loss of the Group for the nine months ended 31 December 2017 amount to approximately HK\$6.0 million and is mainly due to the listing expenses of approximately HK\$15.4 million incurred by the Company during the period. Should these non-recurring listing expenses be excluded, the net profit after tax of the Group for the nine months ended 31 December 2017 would amount to approximately HK\$9.4 million, representing an increase of approximately 168.6% as compared to the last period.

The board of directors (the “Board”) does not recommend a payment of an interim dividend for the nine months ended 31 December 2017.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (UNAUDITED)**

For the nine months ended 31 December 2017

	Notes	Nine months ended	
		31 December 2017	2016
		HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Revenue	3	146,687	110,026
Cost of sales		<u>(106,052)</u>	<u>(80,979)</u>
Gross profit		40,635	29,047
Other income		411	81
Other gains		7	–
Administrative expenses		(29,811)	(25,192)
Listing expenses		<u>(15,389)</u>	<u>–</u>
(Loss) profit before taxation		(4,147)	3,936
Income tax expense	4	<u>(1,820)</u>	<u>(471)</u>
(Loss) profit and total comprehensive (expense) income for the period attributable to owners of the Company		<u>(5,967)</u>	<u>3,465</u>
(Loss) earnings per share			
– Basic (HK cents)	6	<u>(1.49)</u>	<u>1.16</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the nine months ended 31 December 2017

	Attributable to owners of the Company				Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000 <i>(Note)</i>	Retained earnings HK\$'000	
<u>Nine months ended 31 December 2017</u>					
At 1 April 2017 (audited)	14,339	–	–	85,058	99,397
Effect of the Corporate Reorganisation <i>(Note)</i>	(14,339)	–	14,339	–	–
Loss and total comprehensive (expenses) for the period	–	–	–	(5,967)	(5,967)
Dividend <i>(note 5)</i>	–	–	–	(25,000)	(25,000)
Issue of shares pursuant to the listing of the Company	1,000	59,000	–	–	60,000
Capitalisation issue of shares	3,000	(3,000)	–	–	–
Expenses incurred in connection with issue of new shares	–	(8,382)	–	–	(8,382)
	<u>4,000</u>	<u>47,618</u>	<u>14,339</u>	<u>54,091</u>	<u>120,048</u>
<u>Nine months ended 31 December 2016</u>					
At 1 April 2016 (audited)	14,339	–	–	81,731	96,070
Profit and total comprehensive income for the period	–	–	–	3,465	3,465
Dividend recognised as distribution	–	–	–	–	–
	<u>14,339</u>	<u>–</u>	<u>–</u>	<u>85,196</u>	<u>99,535</u>

Note: Merger reserve represents the difference between the nominal values of the ordinary shares issued by the Company and the share capital of subsidiaries acquired through an exchange of shares pursuant to the group reorganization stated in the Company's prospectus dated 29 September 2017 (the "Prospectus") in preparation for the Listing, the Company became the holding company of the subsidiaries now comprising the Group on 6 September 2017, the details of which are set out under the section headed "History, Reorganisation and Corporate Structure" in the Prospectus.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2017

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 5 May 2017 under the Companies Law, Cap 22 (Law 3 of 1961, a consolidated and revised) of the Cayman Islands. The registered office of the Company is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company in Hong Kong is located at B12, G/F, Shatin Industrial Centre, Siu Lek Yuen Road, Shatin, New Territories, Hong Kong.

The Company's shares were listed on the Growth Enterprise Market (the "GEM") of The Hong Kong Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 16 October 2017 (the "Listing").

The principal activity of the Company is investment holding and its subsidiaries are principally engaged in the provision of electrical and mechanical ("E&M") engineering solutions and services.

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

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the Hong Kong and comply with the Hong Kong Financial Reporting Standards ("HKFRSs") issued by Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis. Historical costs is generally based on the fair value of the consideration given in exchange for goods and services.

The unaudited condensed consolidated financial statements for the nine months ended 31 December 2017 have not been audited by the Company's independent auditor, but have been reviewed by the Company's audit committee.

3. REVENUE AND SEGMENTAL INFORMATION

An analysis of the Group's revenue for the nine months ended 31 December 2016 and 2017 is as follows:

	Nine months ended	
	31 December	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
E&M engineering solutions and services (<i>Note a</i>)	123,584	81,951
E&M engineering maintenance services	15,336	16,077
E&M engineering design and fabrication services (<i>Note b</i>)	6,114	9,761
Sales of parts and components	1,653	2,237
	<u>146,687</u>	<u>110,026</u>

Notes:

- (a) Amount represents revenue generated from design, supply, installation of systems and implementation of E&M engineering solutions and services, including revenue generated from design and fabrication services for the fabrication of made-to-order products for the customers, where applicable (“E&M engineering solutions and services”).
- (b) Amount represents revenue generated from design and fabrication services for the fabrication of made-to-order products for the customers, such as control room consoles, public access kiosks and terminals, relay racks, test rigs, control room technical furniture and industrial enclosures and instrument cabinets, and also the conducting of ergonomic and work place studies without supply, installation of systems and implementation of E&M engineering solutions and services (“E&M engineering design and fabrication services”).

The Group's operations are solely derived from E&M engineering solutions and services, E&M engineering maintenance services, E&M engineering design and fabrication services and sales of parts and components, and the chief operation decision maker (i.e. the executive directors of the Company) (the “CODM”) reviews the condensed consolidated statement of profit or loss and other comprehensive income (unaudited) of the Group as a whole for the purposes of allocating resources and assessing performance of the Group. Accordingly, the Group has only one single operating segment and no further analysis of this single segment is presented.

4. INCOME TAX EXPENSE

	Nine months ended	
	31 December	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong:		
Current Tax	(1,948)	(471)
Deferred taxation	128	–
	<u> </u>	<u> </u>
Income tax charge	<u>(1,820)</u>	<u>(471)</u>

The Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands (“BVI”) pursuant to the rules and regulations in those jurisdictions.

Hong Kong Profit Tax is calculated at 16.5% of the estimated assessable profit for those periods.

5. DIVIDEND

During the period of nine months ended 31 December 2017, a special dividend of HK\$25,000,000 was declared and paid to the controlling shareholders (nine months ended 31 December 2016: nil). The Board does not recommend a payment of an interim dividend for the nine months ended 31 December 2017.

6. (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share attributable to the owners of the Company is based on the following data:

	Nine months ended	
	31 December	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(Loss) earnings		
(Loss) earnings for the purposes of basic (loss) earnings per share		
(loss) profit for the period attributable to owners of the Company	<u>(5,967)</u>	<u>3,465</u>

	Nine months ended	
	31 December	
	2017	2016
	'000	'000
	(Unaudited)	(Unaudited)
Number of shares		
Number of ordinary shares for the purpose of basic (loss) earnings per share	<u>400,000</u>	<u>300,000</u>

The number of ordinary shares for the purpose of calculating basic (loss) earnings per share has been retrospectively adjusted and determined on the assumption that the group reorganisation and the capitalisation issue as described in “History, Reorganisation and Corporate Structure” to the prospectus has been effective on 1 April 2016.

No diluted (loss) earnings per share for both periods was presented as there were no potential ordinary shares in issue during the both periods.

7. RELATED PARTY TRANSACTIONS

The Group entered into the following transactions with its related parties during the period:

	Nine months ended	
	31 December	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Purchase of materials from Logistic Industrial (<i>Note a</i>)	28	67
Rental fee paid to:		
K.M. Luk & Engineers Limited	–	77
KML Ltd (<i>Note b</i>)	3,073	2,970

Notes:

- (a) Logistic Industrial Supply Company Limited (“Logistic Industrial”) is a company which Mr. Luk Kam Ming (“Mr. KM Luk”) and Ms. Leung Kwok Yee (“Madam Leung”) have significant influence over it.
- (b) KML Ltd. is controlled by Mr. KM Luk.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group has been providing electrical and mechanical (“E&M”) engineering solutions and services, with a primary focus on Transportation Mission Critical System Solutions in Hong Kong for over 40 years. With technical knowledge in the areas of electrical, mechanical and electronic engineering, and a strong focus on product design and research and development, and through our vertically-integrated business model that combines design and fabrication, equipment assembly and system implementation, we are an E&M engineering solutions and services provider in Hong Kong who is capable of independently providing a full suite of custom-built products and services. We provide services and technical support to our customers on system solutions, equipment assembly and installation, network optimization, inspection and testing. We possess technologies and know-how in the Hong Kong Transportation Mission Critical System Solution market and have strong system integration capabilities. Our comprehensive offerings enable us to provide our customers with a complete and convenient one-stop solution, which reduces their operation and management costs and mitigates the incompatibility risks of different E&M engineering systems. In turn, our vertically-integrated business model enhances our ability to customize our products and services to address customers’ needs and become more competitive in bidding for new projects. In addition, our business model also promotes the synergies among our individual products and services, reduces our marketing costs and lays a solid foundation for us to develop our maintenance services after our systems and equipment are put into operation.

Our customers comprise mainly transportation companies and other engineering companies in Hong Kong and Taiwan, and also various departments of the Hong Kong Government.

For the nine months ended 31 December 2017, the Group recorded a net loss of approximately HK\$6.0 million as compared to the net profit of approximately HK\$3.5 million for the same period in 2016. The Directors are of the view that the net loss is mainly due to the listing expenses of approximately HK\$15.4 million incurred during the period. Should these non-recurring listing expenses be excluded, the net profit after tax of the Group for the nine months ended 31 December 2017 would amount to approximately HK\$9.4 million, representing an increase of approximately 168.6% as compared to the last period.

OUTLOOK/MARKET REVIEW

Modernisation and Upgrading of Transportation System

To keep pace with the growing transport needs, modernization, upgrading and expansion projects are being launched. It is expected that there will be increasing opportunities for the Transportation Mission Critical System Solutions market in the coming years mainly from projects in relation to (i) railway signaling communication and control system relating to the Three Runway; (ii) road and tunnel toll collection system replacement or upgrade at various government tunnels; and (iii) automatic fare collection system upgrade in Taiwan railway and metro.

Vision of Smart City

To foster the knowledge economy, enhance quality of life and create a vibrant eco-system by using information technology and promoting more effective resource management, the development of a smart city is the vision of the Hong Kong society. Application of Internet of Things (IoT) at the Group’s future products and services aims to tie in this trend. The technology will also enhance the reliability and maintainability of the Group’s products and services.

FINANCIAL REVIEW

Revenue

The Group's revenue increased from approximately HK\$110.0 million for the nine months ended 31 December 2016 to approximately HK\$146.7 million for the nine months ended 31 December 2017, representing a growth of approximately 33.4%. Such increase was mainly contributed by (i) the contracts awarded during the years ended 31 March 2016 and 2017 which have substantial work completed during the nine months ended 31 December 2017; and (ii) two major projects with substantial contract sum from the E&M engineering solutions and service segment have reached the stage where profits begin to be recognized during the period.

Cost of Sales and Gross Profit

The majority of the Group's cost of sales comprised (i) material and equipment; (ii) direct labour; and (iii) subcontracting cost. The cost of sales increased by approximately 31.0% from approximately HK\$81.0 million for the nine months ended 31 December 2016 to approximately HK\$106.1 million for the nine months ended 31 December 2017. The increase in cost of sales is mainly due to the increase in number of projects undertaken by the Group during the period. The gross profit of the Group increased by approximately 40.0% from approximately HK\$29.0 million for the nine months ended 31 December 2016 to approximately HK\$40.6 million for the nine months ended 31 December 2017. The increase in gross profit is mainly due to the increase in revenue as discussed above.

Administrative Expenses

The Group's administrative expenses increased by approximately 18.3% from approximately HK\$25.2 million for the nine months ended 31 December 2016 to approximately HK\$29.8 million for the nine months ended 31 December 2017, which is mainly due to (i) increase in staff cost; (ii) year-end performance bonus interim provision; and (iii) renting of an additional company's office.

(Loss) profit attributable to owners of the Company

The Group recorded a loss attributable to the owners of the Company of approximately HK\$6.0 million for the nine months ended 31 December 2017 (nine months ended 31 December 2016: profit approximately HK\$3.5 million). The result which turned from profit to loss is mainly due to the Company's incurrence of the listing expenses of approximately HK\$15.4 million for the nine months ended 31 December 2017.

Dividend

During the period of nine months ended 31 December 2017, a special dividend of HK\$25,000,000 was declared and paid to the controlling shareholders (nine months ended 31 December 2016: nil). The Board does not recommend a payment of an interim dividend for the nine months ended 31 December 2017.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders of the Company (the “Shareholders”) and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the “CG Code”) as set out in Appendix 15 to the GEM Listing Rules as its own code of corporate governance. The Company has complied with all applicable code provisions of the CG Code since 16 October 2017 (the “Listing Date”). The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

COMPLIANCE WITH THE REQUIRED STANDARD OF DEALINGS IN SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct regarding Directors’ securities transactions. Having made specific enquiries of all the Directors, each of the Directors has confirmed that he has complied with the required standard of dealings from the Listing Date up to the date of this announcement (i.e. 6 February 2018) (the “Date of this Announcement”).

AUDIT COMMITTEE AND REVIEW OF ACCOUNTS

The Company has established an audit committee (the “Audit Committee”) with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and the CG Code. The Audit Committee comprises three members, namely Mr. Lau On Kwok (chairman), Dr. Tse Chi Kong and Mr. Law Wing Chi Stephen, all of them are independent non-executive Directors. The Audit Committee has reviewed with the management the accounting policies and practices adopted by the Group and discussed financial reporting matters of the Company, including the review of the unaudited condensed consolidated results of the Group for the nine months ended 31 December 2017 and the quarterly report. The Audit Committee is of the opinion that the unaudited condensed consolidated results of the Group for the nine months ended 31 December 2017 comply with the applicable accounting standards, the GEM Listing Rules and legal requirements and that adequate disclosures have been made.

CHANGES TO DIRECTORS’ INFORMATION

As at the Date of this Announcement, the Directors confirm that no information is required to be disclosed pursuant to GEM Rule 17.50A(1) of the GEM Listing Rules.

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

From the Listing Date to the Date of this Announcement, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

INTERESTS OF THE COMPLIANCE ADVISER

As notified by the Company's compliance adviser, Kingsway Capital Limited ("Kingsway Capital"), neither Kingsway Capital nor any of its directors or employees or close associates had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) or otherwise in relation to the Company which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules and all Directors and controlling Shareholders and their respective close associates as referred to in Rule 11.04 of the GEM Listing Rules (except for the compliance adviser service provided by Kingsway Capital as at the Date of this Announcement).

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2017, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Name	Capacity/Nature of Interest	Number of Shares	Long/short position ⁽³⁾	Approximate Percentage of Shareholding in the Company (%)
Mr. Luk Kam Ming ("Mr. KM Luk") ⁽¹⁾	Beneficial owner; interest of spouse	162,000,000	L	40.5
Mr. Luk Kwai Lung ("Mr. KL Luk") ⁽²⁾	Interest in controlled corporation	138,000,000	L	34.5
Mr. Luk Yin Cheung ("Mr. YC Luk") ⁽²⁾	Interest in controlled corporation	138,000,000	L	34.5

Notes:

- (1) Mr. KM Luk directly holds 105,000,000 shares (“Shares”). Since Mr. KM Luk is the spouse of Ms. Leung Kwok Yee (“Madam Leung”), Mr. KM Luk is deemed to be interested in all the Shares in which Madam Leung is interested or deemed to be interested under the SFO, which is 57,000,000 Shares.
- (2) Each of Mr. KL Luk and Mr. YC Luk owns one common share in KML Holdings Limited (“KML Holdings”), representing 50% of the issued share capital of KML Holdings carrying voting rights. Mr. KL Luk and Mr. YC Luk are deemed to be interested in all Shares in which KML Holdings is interested or deemed to be interested under the SFO, which is 138,000,000 Shares.
- (3) The Letter “L” denotes the entity/person’s long position in the Shares.

Save as disclosed above, as at 31 December 2017, none of the Directors or the chief executive of the Company had or was deemed to have any interest or short position in the Shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS’ INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2017, to the best knowledge of the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name	Capacity/Nature of Interest	Number of Shares	Long/Short position⁽⁵⁾	Approximate Percentage of Shareholding (%)
KML Holdings ⁽¹⁾	Beneficial owner	138,000,000	L	34.5
Madam Leung ⁽²⁾	Beneficial owner; interest of spouse	162,000,000	L	40.5
Ms. Chan Patricia ⁽³⁾	Interest of spouse	138,000,000	L	34.5
Ms. Woo Siu Wai ⁽⁴⁾	Interest of spouse	138,000,000	L	34.5

Notes:

- (1) Each of Mr. KL Luk and Mr. YC Luk owns one common share in KML Holdings, representing 50% of the issued share capital of KML Holdings carrying voting rights. Mr. KL Luk and Mr. YC Luk also own approximately 50% and approximately 50%, respectively, of the issued preferred shares in KML Holdings which do not carry voting rights but only rights to dividends.
- (2) Madam Leung is the spouse of Mr. KM Luk. By virtue of the SFO, Madam Leung is deemed to be interested in all the Shares in which Mr. KM Luk is interested or deemed to be interested under the SFO, and vice versa.
- (3) Ms. Chan Patricia is the spouse of Mr. KL Luk. By virtue of the SFO, Ms. Chan Patricia is deemed to be interested in all the Shares in which Mr. KL Luk is interested or deemed to be interested under the SFO.
- (4) Ms. Woo Siu Wai is the spouse of Mr. YC Luk. By virtue of the SFO, Ms. Woo Siu Wai is deemed to be interested in all the Shares in which Mr. YC Luk is interested or deemed to be interested under the SFO.
- (5) The Letter “L” denotes the entity/person’s long position in the Shares.

Save as disclosed above, as at 31 December 2017, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

SHARE OPTION SCHEME

In order to incentivise and/or recognise and acknowledge the contributions that eligible participants (the “Eligible Participants”) have made or may make to our Group, the Company adopted the share option scheme pursuant to written resolutions of the Shareholders passed on 20 September 2017 (the “Share Option Scheme” or the “Scheme”).

The Board may, at its discretion, offer to grant an option to any directors or employees of any companies within the Group. The Scheme will provide the Eligible Participants with an opportunity to acquire proprietary interests in the Company with the view to (i) motivate the Eligible Participants to optimise their performance and efficiency for the benefit of the Group; and (ii) attract and retain the Eligible Participants whose contributions are, will or are expected to be beneficial to the Group.

Unless terminated by the Company by resolution in general meeting, the Share Option Scheme shall be valid and effective for a period of 10 years commencing on the date on which the Share Option Scheme becomes unconditional.

No option has been granted by the Company under the Share Option Scheme during the nine months ended 31 December 2017. The Company did not have any outstanding share options, warrants derivatives or securities which are convertible or exchangeable into Shares as at 31 December 2017 and up to the Date of this Announcement.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this quarterly result announcement, at no time during the nine months ended 31 December 2017 and up to the Date of this Announcement was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

Up to the Date of this Announcement, none of the Directors or their respective associates had engaged in or had any interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

On behalf of the Board
KML Technology Group Limited
Luk Kam Ming
Chairman and Executive Director

Hong Kong, 6 February 2018

As at the Date of this Announcement, the executive Directors are Mr. LUK Kam Ming, Mr. CHAN Chak Lun Philip, Mr. LUK Kwai Lung and Mr. LUK Yin Cheung; and the independent non-executive Directors are Mr. LAU On Kwok, Dr. TSE Chi Kong and Mr. LAW Wing Chi Stephen.