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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)

ADOPTION OF SHARE AWARD SCHEME

The Board is pleased to announce that on 5 November 2018, the Company adopted the Share Award Scheme in which Eligible Persons will be entitled to participate. The purposes and objectives of the Share Award Scheme are (i) to recognise and reward the contribution of certain Eligible Persons for the growth and development of the Group and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group.

Pursuant to the rules of the Share Award Scheme, (i) Shares may be acquired by the Trustee from the market at the cost of the Company or by way of gift; or (ii) new Shares may be allotted and issued to the Trustee at par value under general mandates granted or to be granted at each annual general meeting of the Company or any mandate to be granted by the Shareholders. Such Shares will be held on trust for the Selected Participants until they are vested in accordance with the rules of the Share Award Scheme.

This announcement is made on a voluntary basis. The Share Award Scheme is a discretionary share award scheme of the Company and does not constitute a share option scheme within the meaning of Chapter 23 of the GEM Listing Rules. As such, no Shareholders' approval is required for the adoption of the Share Award Scheme.

THE SHARE AWARD SCHEME

The Board is pleased to announce that on 5 November 2018, the Company adopted the Share Award Scheme in which Eligible Persons will be entitled to participate. A summary of the principal terms and conditions of the Share Award Scheme is set out below:

Purposes and objectives

The purposes and objectives of the Share Award Scheme are (i) to recognise and reward the contribution of certain Eligible Persons for the growth and development of the Group and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group.

Duration

Subject to any early termination as may be determined by the Board, the Share Award Scheme shall be valid and effective for a term of 15 years commencing on the Adoption Date.

Administration

The Share Award Scheme shall be subject to the administration of the Board or the Scheme Administrator in accordance with the rules of the Share Award Scheme.

Operation of the Share Award Scheme

The Board may select any Eligible Person (other than Excluded Persons) for participation in the Share Award Scheme and determine the number of the Awarded Shares to be awarded to the Selected Participant. The Board is entitled to impose any conditions as it deems appropriate with respect to the entitlement of the Selected Participant to the Awarded Shares.

Limit of the Share Award Scheme

The total number of Shares awarded under the Share Award Scheme shall not exceed 10% (the “**Scheme Limit**”) of the total number of Shares in issue as at the Adoption Date, and the Board may from time to time “refresh” the Scheme Limit provided that the total number of Awarded Shares to be awarded must not exceed 20% of the total number of Shares in issue as at the date of the resolution to approve the “refreshed” limit. The total number of Awarded Shares (including granted and non-vested Shares) granted to a Selected Participant under the Share Award Scheme in any 12-month period shall not in aggregate exceed 1% of the total number of Shares in issue from time to time.

Structure of the Share Award Scheme

Pursuant to the rules of the Share Award Scheme, (i) Shares may be acquired by the Trustee from the market at the cost of the Company or by way of gift; or (ii) new Shares may be allotted and issued to the Trustee at par value under general mandates granted or to be granted at each annual general meeting of the Company or any mandate to be granted by the Shareholders. Such Shares will be held on trust for the Selected Participants until they are vested in accordance with the rules of the Share Award Scheme.

Vesting and lapse

Any Awarded Share and the related income thereof held in the trust constituted by the Trust Deed or by the Trustee and which are referable to a Selected Participant shall vest in that Selected Participant in accordance with the timetable and conditions as imposed by the Board or the Scheme Administrator in its absolute discretion, provided that the Selected Participant remains at all times after the date of grant and on the relevant Vesting Date an Eligible Person of the Group.

In the event (i) a Selected Participant ceases to be an Eligible Person; or (ii) an order for the winding-up of the Company; or (iii) a Selected Participant is found to be an Excluded Person; or (iv) a Selected Participant fails to return duly executed transfer documents prescribed by the Trustee for the relevant Awarded Shares within the stipulated period, the relevant part of an Award made to such Selected Participant shall automatically lapse forthwith and all the Awarded Shares shall not vest on the relevant Vesting Date but shall become Returned Shares for the purposes of the Share Award Scheme.

Share awards to Directors and/or connected persons

Shares may be awarded to Eligible Persons, including Directors and/or connected persons of the Group. If new Shares are awarded to Directors and/or connected persons of the Group, such awards shall constitute connected transactions under Chapter 20 of the GEM Listing Rules and the Company shall comply with the relevant requirements under the GEM Listing Rules.

Rights and restrictions

A Selected Participant shall only have a contingent interest in the Awarded Shares and the related income thereof which are referable to him/her subject to the vesting of such Shares on the Vesting Date.

Any Award granted under the Share Award Scheme but not yet vested shall not be assignable or transferable and no Selected Participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to any Awarded Share, or enter into any agreement to do so.

Termination

The Share Award Scheme shall terminate on the earlier of (i) the fifteenth (15th) anniversary date of the Adoption Date; and (ii) such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any Selected Participant thereunder.

Upon all the Awarded Shares of a Selected Participant granted under the Share Award Scheme having been vested and sold, the funds remaining in the Account or the trust fund shall be remitted to the Company forthwith.

Implications under the Listing Rules

This announcement is made on a voluntary basis. The Share Award Scheme is a discretionary share award scheme of the Company and does not constitute a share option scheme within the meaning of Chapter 23 of the GEM Listing Rules. As such, no Shareholders' approval is required for the adoption of the Share Award Scheme.

DEFINITION

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meanings ascribed to them below:

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| “Account” | the securities account to be operated solely for the purpose of operating the Share Award Scheme and the funds thereof to be held on trust by the Company (or by the Trustee as the case may be) for the Selected Participant(s) |
| “Adoption Date” | 5 November 2018, being the date on which the Share Award Scheme is adopted by the Board |
| “Award” | a provisional award of Shares to a Selected Participant pursuant to the Share Award Scheme |
| “Awarded Share(s)” | the Share(s) awarded to a Selected Participant pursuant to an Award made under the Share Award Scheme |
| “Board” | the board of Directors, and if applicable, including its executive committee or person(s) delegated with the power and authority to act for and on behalf of the board of Directors relating to the Share Award Scheme |
| “Company” | KML Technology Group Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed and traded on GEM of the Stock Exchange (stock code: 8065) |
| “connected person(s)” | shall have the meaning as set out in the GEM Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “Eligible Person(s)” | any person belonging to the following classes of persons: <ul style="list-style-type: none">(i) any employee of the Group;(ii) any executive or non-executive director (including any independent non-executive director) of the Company, any of its subsidiaries or any Invested Entity;(iii) any customer of the Group or any Invested Entity;(iv) any supplier of goods or services to any member of the Group or any Invested Entity;(v) any person or entity that provides research, development or other technological support to the Group or any Invested Entity; |

- (vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;
- (vii) any person or entity which has contributed to the Group or its business; and
- (viii) any other person selected by the Board at its sole discretion

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| “Excluded Person(s)” | any Eligible Person who is resident in a place where the award of the Awarded Shares and/or the award of the Returned Shares and/or the vesting and transfer of Shares pursuant to the terms of the Share Award Scheme is not permitted under the laws and regulations of such place or where in the view of the Board or the Trustee (as the case may be) compliance with applicable laws and regulations in such place make it necessary or expedient to exclude such person |
| “GEM Listing Rules” | the Rules Governing the Listing of Securities on GEM of the Stock Exchange |
| “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 |
| “Invested Entity” | any entity in which any member of the Group holds any equity interest |
| “Returned Share(s)” | such Awarded Shares which are not vested and/or forfeited in accordance with the terms of the Scheme (whether as a result of a total lapse or a partial lapse or otherwise), or are forfeited in accordance with the terms of the Share Award Scheme, or such Shares being deemed to be Returned Shares |
| “Scheme Administrator” | such person(s) who (or, where appropriate, company(ies) (including its officer(s) and/or staff) which) has been delegated by the Board with the relevant power and authority to render supports in all aspects to the Board in connection with the implementation of the Share Award Scheme |
| “Selected Participant(s)” | any Eligible Person selected by the Board for whom Shares have been provisionally set aside pursuant to an Award |
| “Share Award Scheme” | the share award scheme adopted by the Board, as amended from time to time |

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| “Share(s)” | ordinary share(s) in the capital of the Company with nominal value of HK\$0.01 each |
| “Shareholder(s)” | holder(s) of the Share(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Trust Deed” | a deed of settlement dated 5 November 2018 entered into between the Company and the Trustee (as restated, supplemented and amended from time to time) in respect of the appointment of the Trustee for the administration of the Share Award Scheme |
| “Trustee” | the trustee appointed by the Company for the administration of the Share Award Scheme, and any additional or replacement trustee, being the trustee or trustees for the time being of the trusts declared by the Trust Deed, who is an independent third party of the Group |
| “Vesting Date” | in respect of a Selected Participant, the date on which his/her entitlement to the Awarded Shares accrues in accordance with the conditions as imposed by the Board or is deemed to have accrued pursuant to the terms of the Share Award Scheme |
| “%” | per cent |

By order of the Board
KML Technology Group Limited
Luk Kam Ming
Chairman and Executive Director

Hong Kong, 5 November 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, Mr. LAW Wing Chi Stephen and Dr. TSE Chi Kong.

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 “Latest Company Announcements” page of the GEM website at www.hkgem.com for a minimum period of 7 days from the date of publication and on the website of the Company at www.kml.com.hk.