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*This announcement, for which the directors (the “Director(s)”) of KML Technology Group Limited (the “Company”, together with its subsidiaries, collectively 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 GEM of the Stock Exchange (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.*

## **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)**

## **FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30 JUNE 2018**

### **CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE**

**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.**

## **FINANCIAL HIGHLIGHTS**

Revenue of the Group for the three months ended 30 June 2018 amounted to approximately Hong Kong dollars (“HK\$”) 57.1 million, representing an increase of approximately HK\$6.3 million or 12.4% as compared with approximately HK\$50.8 million for the three months ended 30 June 2017.

Gross profit of the Group for the three months ended 30 June 2018 amounted to approximately HK\$18.1 million (2017: approximately HK\$15.6 million).

The net profit of the Group for the three months ended 30 June 2018 amounted to approximately HK\$6.5 million (2017: approximately HK\$5.3 million).

The board of Directors (the “Board”) does not recommend a payment of an interim dividend for the three months ended 30 June 2018 (2017: nil).

## **FINANCIAL RESULTS**

The Board of the Company is pleased to announce the unaudited condensed consolidated first quarterly results of the Group for the three months ended 30 June 2018, together with the unaudited comparative figures for the same period in 2017 as follows:

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

*For the three months ended 30 June 2018*

|   | <i>Notes</i> | <b>Three months ended</b> |                    |
|---|--------------|---------------------------|--------------------|
|   |              | <b>30 June</b>            |                    |
|   |              | <b>2018</b>               | <b>2017</b>        |
|   |              | <b>HK\$'000</b>           | <b>HK\$'000</b>    |
|   |              | <b>(Unaudited)</b>        | <b>(Unaudited)</b> |
| Revenue   | 3            | <b>57,087</b>             | 50,830             |
| Cost of sales   |              | <b>(39,016)</b>           | (35,269)           |
| Gross profit  |              | <b>18,071</b>             | 15,561             |
| Other income  |              | <b>63</b>                 | 232                |
| Administrative expenses   |              | <b>(10,105)</b>           | (9,438)            |
| Profit before taxation  |              | <b>8,029</b>              | 6,355              |
| Taxation  | 4            | <b>(1,546)</b>            | (1,053)            |
| Profit for the period   |              | <b>6,483</b>              | 5,302              |
| Profit and total comprehensive income for the period<br>attributable to owners of the Company |              | <b>6,483</b>              | 5,302              |
| Earnings per share  |              |                           |                    |
| – Basic (HK cents)  | 6            | <b>1.88</b>               | 1.77               |

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)***For the three months ended 30 June 2018*

|   | Attributable to owners of the Company |                              |   |                                    | Total<br>equity<br>HK\$'000 |
|---|---------------------------------------|------------------------------|---|------------------------------------|-----------------------------|
|   | Share<br>capital<br>HK\$'000          | Share<br>premium<br>HK\$'000 | Other<br>reserve<br>HK\$'000<br><i>(Note)</i> | Accumulated<br>profits<br>HK\$'000 |                             |
| <u>For the three months ended 30 June 2018</u>                            |                                       |                              |   |                                    |                             |
| At 31 March 2018 (audited)  | 4,000                                 | 47,552                       | 14,339  | 57,912                             | 123,803                     |
| Profit (loss) and total comprehensive<br>income (expenses) for the period | –                                     | –                            | –   | 6,483                              | 6,483                       |
| Dividend recognised as distribution                                       | –                                     | –                            | –   | –                                  | –                           |
| At 30 June 2018 (unaudited)   | <u>4,000</u>                          | <u>47,552</u>                | <u>14,339</u>                                 | <u>64,395</u>                      | <u>130,286</u>              |
| <u>For the three months ended 30 June 2017</u>                            |                                       |                              |   |                                    |                             |
| At 1 April 2017 (audited)   | 14,339                                | –                            | –   | 85,056                             | 99,395                      |
| Profit (loss) and total comprehensive<br>income (expenses) for the period | –                                     | –                            | –   | 5,302                              | 5,302                       |
| Dividend recognised as distribution                                       | –                                     | –                            | –   | –                                  | –                           |
| At 30 June 2017 (unaudited)   | <u>14,339</u>                         | <u>–</u>                     | <u>–</u>                                      | <u>90,358</u>                      | <u>104,697</u>              |

*Note:* Other 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 reorganisation 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 THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

*For the three months ended 30 June 2018*

## **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 GEM of The 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 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 of the Group for the three months ended 30 June 2018 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of the GEM Listing Rules.

The unaudited condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 March 2018. The accounting policies used in the preparation of the unaudited condensed consolidated financial statements are consistent with those adopted in the annual consolidated financial statements of the Group for the year ended 31 March 2018.

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

The unaudited condensed consolidated financial statements for the three months ended 30 June 2018 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 both periods is as follows:

|   | Three months ended |               |
|---|--------------------|---------------|
|   | 30 June            |               |
|   | 2018               | 2017          |
|   | HK\$'000           | HK\$'000      |
|   | (Unaudited)        | (Unaudited)   |
| E&M engineering solutions and service ( <i>Note a</i> )           | 48,556             | 42,611        |
| E&M engineering maintenance services                              | 7,058              | 5,989         |
| E&M engineering design and fabrication services ( <i>Note b</i> ) | 1,224              | 1,263         |
| Sales of parts and components                                     | 249                | 967           |
|   | <u>57,087</u>      | <u>50,830</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”).

#### Segment information

The Group's operations are solely derived from E&M engineering solutions and services, E&M engineering maintenance services with focus on (i) automatic fare collection system at railway stations; (ii) electronic payment and ticketing system; (iii) road and tunnel toll collection system; (iv) traffic control and surveillance system; and (v) railway signaling communication and control system, E&M engineering design and fabrication services and sales of parts and components during both periods. The chief operation decision maker (i.e. the executive directors of the Company) 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

|              | <b>Three months ended</b> |                    |
|--------------|---------------------------|--------------------|
|              | <b>30 June</b>            |                    |
|              | <b>2018</b>               | <b>2017</b>        |
|              | <b>HK\$'000</b>           | <b>HK\$'000</b>    |
|              | <b>(Unaudited)</b>        | <b>(Unaudited)</b> |
| Current tax: |                           |                    |
| Hong Kong    | <b>1,546</b>              | 1,053              |
| Deferred tax | <b>311</b>                | 88                 |
|              | <hr/>                     | <hr/>              |
|              | <b>1,857</b>              | 1,141              |
|              | <hr/>                     | <hr/>              |

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

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

#### 5. DIVIDEND

The Board does not recommend a payment of an interim dividend for the three months ended 30 June 2018 (2017: nil).

#### 6. EARNINGS PER SHARE

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

|  | <b>Three months ended</b> |                    |
|--|---------------------------|--------------------|
|  | <b>30 June</b>            |                    |
|  | <b>2018</b>               | <b>2017</b>        |
|  | <b>HK\$'000</b>           | <b>HK\$'000</b>    |
|  | <b>(Unaudited)</b>        | <b>(Unaudited)</b> |
| Earnings:  |                           |                    |
| Earnings for the purposes of calculating basic earnings per share<br>(profit for the period attributable to the owners of the Company) | <b>6,483</b>              | 5,303              |
|  | <hr/>                     | <hr/>              |
|  | <b>345,753</b>            | 300,000            |
|  | <hr/>                     | <hr/>              |

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share has retrospectively adjusted and determined on the assumption that the group reorganization and the capitalization issue as described in “History, Reorganisation and Corporate Structure” to the Prospectus has been effective on 1 April 2016.

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

## 7. RELATED PARTY TRANSACTIONS

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

|  | <b>Three months ended</b> |             |
|--|---------------------------|-------------|
|  | <b>30 June</b>            |             |
|  | <b>2018</b>               | 2017        |
|  | <b>HK\$’000</b>           | HK\$’000    |
|  | <b>(Unaudited)</b>        | (Unaudited) |
| Purchase of materials from Logistic Industrial ( <i>Note a</i> ) | <u>13</u>                 | <u>2</u>    |
| Rental fee paid to:  |                           |             |
| K.M. Luk & Engineers Limited ( <i>Note b</i> )                   | –                         | 26          |
| KML Limited ( <i>Note c</i> )                                    | <u>1,149</u>              | <u>990</u>  |

*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) K.M. Luk & Engineers Limited, a company jointly controlled by Mr. KM Luk, Madam Leung, Mr. Luk Kwai Lung and Mr. Luk Yin Cheung.
- (c) KML Limited is controlled by Mr. KM Luk. The rental fee paid is regarded as continuing connected transaction.

## 8 SUBSEQUENT EVENT AFTER THE REPORTING PERIOD

The Company’s principal subsidiary, KML Engineering Limited (“KML Engineering”) has initiated legal proceedings on 19 July 2018 against a customer of approximately HK\$2.7 million. This claimed amount is in dispute with the customer and has not been recognized as revenue by the Group.



## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

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. We mainly undertake projects that are related to the design, supply, installation, fabrication and/or maintenance of, among others, the following, depending on our customers’ needs:

- (i) Automatic fare collection system at railway stations;
- (ii) Electronic payment and ticketing system;
- (iii) Road and tunnel toll collection system;
- (iv) Traffic control and surveillance system; and
- (v) Railway signalling communication and control system.

We also undertake other E&M engineering solutions and services, comprising:

- (i) Security and access control system;
- (ii) Railway station E&M engineering services and architectural works;
- (iii) Rolling stock refurbishment and renovation works; and
- (iv) Trackside and depot E&M engineering works.

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

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.

## **OUTLOOK**

### **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 Hong Kong International Airport into a Three Runway System; (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.

Giving our Group's extensive experience in automatic fare collection system and toll collection, the Group will devote more resources in the application and integration of different technologies such as quick response code and different emerging payment methods to our products and services in response to the evolving market conditions as well as changing customers' requirements. Our Group believes our city embracing mobile payment technology will bring benefits to the government, economy and individuals in the long run.

## **FINANCIAL REVIEW**

### **Revenue**

Revenue of the Group for the three months ended 30 June 2018 amounted to approximately HK\$57.1 million, representing an increase of approximately HK\$6.3 million or 12.4% as compared with approximately HK\$50.8 million for the three months ended 30 June 2017. Such increase was mainly contributed by (i) an increase of number of projects undertaken by the Group during the three months ended 30 June 2018; and (ii) a variation order with substantial amount was received during the period.

### **Cost of Sales and Gross Profit**

The Group's cost of sales mainly comprised (i) material and equipment; (ii) direct labour; and (iii) sub-contracting cost. The cost of sales increased by approximately 10.5% from approximately HK\$35.3 million for the three months ended 30 June 2017 to approximately HK\$39.0 million for the three months ended 30 June 2018. 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 16.0% from approximately HK\$15.6 million for the three months ended 30 June 2017 to approximately HK\$18.1 million for the three months ended 30 June 2018. 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 7.4% from approximately HK\$9.4 million for the three months ended 30 June 2017 to approximately HK\$10.1 million for the three months ended 30 June 2018. The increase is mainly due to the increase of professional fee after listing.

### **Profit attributable to owners of the Company**

The Group recorded a profit attributable to the owners of the Company of approximately HK\$6.5 million for the three months ended 30 June 2018 (2017: approximately HK\$5.3 million).

### **Dividend**

The Board does not recommend a payment of an interim dividend for the three months ended 30 June 2018 (2017: nil).

### **Subsequent Events**

The Company's principal subsidiary, KML Engineering Limited ("KML Engineering") has initiated legal proceedings on 19 July 2018 against a customer of approximately HK\$2.7 million. This claimed amount is in dispute with the customer and has not been recognized as revenue by the Group.

Saved as disclosed above, the Group had no significant events during the three months ended 30 June 2018 and up to the date of this announcement (i.e. 6 August 2018) (the "Date of Announcement").

## **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. During the three months ended 30 June 2018, the Company has complied with all applicable code provisions of 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 in the securities of the Company. Having made specific enquiries of all the Directors, each of the Director has confirmed that he has complied with the required standard of dealings during the three months ended 30 June 2018 and up to 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), Mr. Law Wing Chi Stephen and Dr. Tse Chi Kong, 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 three months ended 30 June 2018 and the quarterly report. The Audit Committee is of the opinion that the unaudited condensed consolidated results of the Group for the three months ended 30 June 2018 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 Rule 17.50A(1) of the GEM Listing Rules.

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

During the three months ended 30 June 2018, 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 30 June 2018, 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 its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") which (i) were 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 (ii) were recorded in the register required to be kept pursuant to Section 352 of the SFO; or (iii) as otherwise notified to the Company and the Stock Exchange pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

| Name  | Capacity/<br>Nature of Interest         | Number of<br>Shares | Long/Short<br>position <sup>(3)</sup> | Approximate<br>percentage of<br>shareholding of<br>the Company<br>(%) |
|---|---|---------------------|---------------------------------------|---|
| Mr. Luk Kam Ming<br>("Mr. KM Luk") <sup>(1)</sup>   | Beneficial owner;<br>Interest of spouse | 162,000,000         | L                                     | 40.5  |
| Mr. Luk Kwai Lung<br>("Mr. KL Luk") <sup>(2)</sup>  | Interest in a controlled<br>corporation | 138,000,000         | L                                     | 34.5  |
| Mr. LUK Yin Cheung<br>("Mr. YC Luk") <sup>(2)</sup> | Interest in a controlled<br>corporation | 138,000,000         | L                                     | 34.5  |

Notes:

- (1) Mr. KM Luk directly holds 105,000,000 shares of the Company (“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 30 June 2018, none of the Directors or the chief executive of the Company had or was deemed to have any interests or short positions 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 the Rules 5.46 to 5.67 of the GEM Listing Rules.

#### **SUBSTANTIAL SHAREHOLDERS’ AND OTHER PERSONS’ INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES**

As at 30 June 2018, 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 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, as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

| <b>Name</b>                      | <b>Capacity/<br/>Nature of Interest</b> | <b>Number of<br/>Shares held/<br/>interested</b> | <b>Long/Short<br/>position <sup>(5)</sup></b> | <b>Approximate<br/>Percentage of<br/>Shareholding<br/>in the Company<br/>(%)</b> |
|----------------------------------|---|--|---|--|
| KML Holdings <sup>(1)</sup>      | Beneficial owner                        | 138,000,000                                      | L   | 34.5   |
| Madam Leung <sup>(2)</sup>       | Beneficial owner;<br>Interest of spouse | 162,000,000                                      | L   | 40.5   |
| Ms. Chan Patricia <sup>(3)</sup> | Interest of spouse                      | 138,000,000                                      | L   | 34.5   |
| Ms. Woo Siu Wai <sup>(4)</sup>   | 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 30 June 2018, 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 which would fall to be disclosed under 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 recognise and acknowledge the contributions that the directors and employees of the Group have made or may make to the Group, the Company approved and adopted the share option scheme pursuant to the written resolutions of the Shareholders passed on 20 September 2017 (the “Share Option Scheme”).

The Board may, at its absolute discretion, offer to grant an option to any director or employees of any companies within the Group. The Share Option 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 three months ended 30 June 2018. The Company did not have any outstanding share options, warrants derivatives or securities which are convertible or exchangeable into the Shares as at 30 June 2018 and up to the Date of this Announcement.

## **DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

Save as otherwise disclosed in this quarterly results announcement, at no time during the three months ended 30 June 2018 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.

## **DIRECTOR'S, CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS**

For the three months ended 30 June 2018, none of the Directors, controlling Shareholders 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 August 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 will remain on the "Latest Company Announcements" page of the GEM website at [www.hkgem.com](http://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](http://www.kml.com.hk).*