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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)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER 2019

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 nine months ended 31 December 2019 amounted to approximately Hong Kong dollars (“**HK\$**”) 160.1 million, representing an increase of approximately HK\$3.9 million or approximately 2.5% as compared with the revenue of approximately HK\$156.2 million for the nine months ended 31 December 2018.

Gross profit of the Group for the nine months ended 31 December 2019 amounted to approximately HK\$44.9 million (2018: approximately HK\$46.5 million).

The net profit of the Group for the nine months ended 31 December 2019 amounted to approximately HK\$10.9 million (2018: approximately HK\$12.5 million).

The board of directors (the “**Board**”) does not recommend a payment of an interim dividend for the nine months ended 31 December 2019 (2018: Nil).

FINANCIAL RESULTS

The Board of the Company is pleased to announce the unaudited condensed consolidated third quarterly results of the Group for the nine months ended 31 December 2019, together with the unaudited comparative figures for the same period in 2018 as follows:

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

For the nine months ended 31 December 2019

		Nine months ended	
		31 December	
		2019	2018
	Notes	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	4	160,081	156,243
Cost of sales		(115,149)	(109,745)
Gross profit		44,932	46,498
Other income		898	658
Other gains		185	3
Impairment losses, net of reversal		(122)	–
Administrative expenses		(32,627)	(32,142)
Profit before taxation		13,266	15,017
Financial costs		(14)	–
Income tax expense	5	(2,374)	(2,561)
Profit and total comprehensive income for the period attributable to owners of the Company		10,878	12,456
Earnings per share			
– Basic (HK cents)	7	2.72	3.11

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2019

	Attributable to owners of the Company					Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000 (Note)	Share option reserve HK\$'000	Accumulated profits HK\$'000	
Nine months ended 31 December 2019						
At 1 April 2019 (audited)	4,000	47,552	14,339	1,166	77,078	144,135
Profit and total comprehensive income for the period	–	–	–	–	10,878	10,878
Recognition of equity-settled share-based payment	–	–	–	442	–	442
At 31 December 2019 (unaudited)	<u>4,000</u>	<u>47,552</u>	<u>14,339</u>	<u>1,608</u>	<u>87,956</u>	<u>155,455</u>
Nine months ended 31 December 2018						
At 1 April 2018 (audited)	4,000	47,552	14,339	–	57,912	123,803
Profit and total comprehensive income for the period	–	–	–	–	12,456	12,456
Recognition of equity-settled share-based payment	–	–	–	745	–	745
At 31 December 2018 (unaudited)	<u>4,000</u>	<u>47,552</u>	<u>14,339</u>	<u>745</u>	<u>70,368</u>	<u>137,004</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 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 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2019

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 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 for the nine months ended 31 December 2019 prepared in accordance with Hong Kong Financial Reporting Standard ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of the GEM Listing Rules and the Hong Kong Companies Ordinance.

3. PRINCIPAL ACCOUNTING POLICIES

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 2019 have been reviewed by the Company's audit committee.

Other than changes in accounting policies resulting from application of new and amendments to the HKFRSs, the accounting policies and methods of computation in the unaudited condensed consolidated financial statements are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2019.

4. REVENUE AND SIGMENTAL INFORMATION

An analysis of the Group's revenue for both periods is as follows:

	Nine months ended	
	31 December	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
E&M engineering solutions and services (<i>Note a</i>)	132,860	129,744
E&M engineering maintenance services	23,536	21,548
E&M engineering design and fabrication services (<i>Note b</i>)	2,797	4,203
Sales of parts and components	888	748
	160,081	156,243

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 is 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. For the purposes of resources allocation and performance assessment, the chief operation decision maker (i.e. the executive directors of the Company) reviews the condensed consolidated financial position of the Group. Accordingly, the Group has only one single operating segment and no further analysis of this single segment is presented.

8. RELATED PARTY TRANSACTIONS

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

	Nine months ended 31 December	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Purchase of materials from Logistic Industrial (<i>Note a</i>)	119	130
Rental fee paid to KML Ltd (<i>Note b</i>)	4,051	3,547

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. The rental fee paid is regarded as continuing connected transaction.

9. SUBSEQUENT EVENT AFTER THE REPORTING PERIOD

On 2 January 2020, the Board announced that the Company granted 9,800,000 share options to certain eligible participants (the “**Grantee(s)**”), subject to acceptance by the Grantees, to subscribe for shares with nominal value of HK\$0.01 each of the Company (“**Share(s)**”) under the Company’s share option scheme adopted on 20 September 2017. At the same date, 9,200,000 share options granted on 3 September 2018 were cancelled as approved by the Board and consented from each of the relevant grantees. Please refer to the announcement dated 2 January 2020 for details.

Save as disclosed above, up to the date of this announcement (i.e. 6 February 2020) (the “**Date of this Announcement**”), there was no subsequent event after this reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group has been providing electrical and mechanical (“E&M”) engineering solutions and services in Hong Kong for over 40 years. Our principal business is the provision of E&M engineering works, and comprises (i) E&M engineering solutions and services on Transportation Mission Critical Systems Solutions and other E&M engineering solutions and services; (ii) E&M engineering design and fabrication services; (iii) E&M engineering maintenance services; and (iv) sales of parts and components. Depending on our customers’ needs and requirements, we provide a full spectrum of solutions and services covering design, equipment assembly, supply, installation, fabrication, testing, and commissioning and maintenance support with a focus on Hong Kong Transportation Mission Critical System Solutions.

The following table sets forth the details of our Group’s revenue by type of projects and services we undertook for the nine months ended 31 December 2019 and 2018:

Type of Projects	For the nine months ended 31 December			
	2019		2018	
	HK\$’000	%	HK\$’000	%
E&M Engineering Solutions and Services				
– Transportation Mission Critical System Solutions	33,438	20.9	61,887	39.6
– Other E&M Solutions and Services	99,422	62.1	67,857	43.4
Subtotal	132,860	83.0	129,744	83.0
E&M Engineering Design and Fabrication Services	2,797	1.7	4,203	2.7
E&M Engineering Maintenance Services	23,536	14.7	21,548	13.8
Sale of Parts and Components	888	0.6	748	0.5
Total	160,081	100.0	156,243	100.0

E&M Engineering Solutions and Services segment accounts for the largest business segment of our Group’s business. Approximately 83.0% of the revenue was attributable to this segment for the nine months ended 31 December 2019. The second largest segment is E&M Engineering Maintenance Services. Revenue from this segment increased by approximately 9.3% from approximately HK\$21.5 million for the nine months ended 31 December 2018 to approximately HK\$23.5 million for the nine months ended 31 December 2019. The Group foresees that revenue generated from these two segments will continue to grow especially in relation to the renovation and replacement of E&M, communication and automatic fare collection (“AFC”) assets projects from one of our major customers. For the next quarter, the Group will continue to undertake projects including (i) advance works related to the Airport

Three Runway System; (ii) Replacement and Modification of Smoke Curtains System at Airport Express Line and Tung Chung Line; and (iii) retrofit of about 1,000 ticket gates to enable Alipay HK QR Code payment for travel on Hong Kong's MTR system.

During the nine months ended 31 December 2019, the Group has submitted 252 tenders and quotations to our customers (2018: 303 tenders) with 122 contracts being awarded (2018: 142 contracts) including (i) several subcontracts in relation to the replacement works of the closed circuit television ("CCTV") systems in various railway lines with total subcontract sum of approximately HK\$22.5 million; (ii) maintenance services contract for AFC Equipment at MTR Shatin to Central Link with contract sum of approximately HK\$16.2 million; and (iii) a project in relation to the replacement and upgrading of AFC gates and ticket issuing machines (the "Project"). The Project amounting to approximately HK\$441.6 million will last for approximately 8 years. Our Group together with another contractor have been jointly awarded the contract to carry out the Project which includes the replacement and upgrade of AFC equipment, the retrofit and upgrade of gates, ticket machines, self-service point, first class processors to support multiple electronic payment system, accepting new payment methods including but not limited to QR Code based payment and contactless credit cards; thus bringing the travelers fresh and intelligent journey experience, and we are expected to carry out approximately 30% of the project project works. The Group will continue to grasp opportunities at the existing E&M market among those emerging opportunities while at the same time explore and expand our clientele as well as diversify our business into other emerging markets.

OUTLOOK

While our Group continues to focus on deepening our penetration of the Hong Kong E&M engineering industry with special focus on the Transportation Mission Critical System Solutions market, in order to keep pace with the growing transport needs, modernization, upgrading and expansion projects, the Group has been devoting more resources to the development and application of different technologies. Looking forward to the year ended 31 March 2020, the Group will (i) expand our office space and work area in relation to research and development; (ii) recruit additional research and development staff; and (iii) invest in relevant software and be ready to apply for the payment card security related certification.

Although the economic, social and/or political conditions during the second half of year 2019 in Hong Kong has occasionally caused delay to the programme of our E&M projects, the Group has devoted the best effort to adapt the situation by re-arranging our work programme such that the impact to the progress of our projects is at minimal. At the same time, some new projects including the replacement of toll lane equipment of a cross harbor tunnel and some reinstatement works related projects were recently awarded to the Group.

FINANCIAL REVIEW

Revenue

Revenue of the Group for the nine months ended 31 December 2019 amounted to approximately HK\$160.1 million, representing an increase of approximately HK\$3.9 million or approximately 2.5% as compared with approximately HK\$156.2 million for the nine months ended 31 December 2018.

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 4.9% from approximately HK\$109.7 million for the nine months ended 31 December 2018 to approximately HK\$115.1 million for the nine months ended 31 December 2019. The gross profit of the Group decreased by approximately 3.4% from approximately HK\$46.5 million for the nine months ended 31 December 2018 to approximately HK\$44.9 million for the nine months ended 31 December 2019. The decrease in gross profit is mainly due to certain projects with relatively high profit margin were completed during the period and therefore contributions in profit by such projects were reduced.

Administrative Expenses

The Group's administrative expenses increased by 1.6% from approximately HK\$32.1 million for the nine months ended 31 December 2018 to approximately HK\$32.6 million for the nine months ended 31 December 2019.

Profit attributable to the owners of the Company

The Group recorded net profit attributable to the owners of the company of approximately HK\$10.9 million for the nine months ended 31 December 2019 (2018: net profit approximately HK\$12.5 million). The decrease in net profit is mainly due to (i) decrease in gross profit as discussed above; and (ii) loss arising from change in fair value of insurance policies.

Dividend

The Board does not recommend a payment of an interim dividend for the nine months ended 31 December 2019 (2018: Nil).

SUBSEQUENT EVENT AFTER REPORTING PERIOD

On 2 January 2020, the Board announced that the Company granted 9,800,000 share options to certain eligible participants (the "**Grantee(s)**"), subject to acceptance by the Grantees, to subscribe for shares with nominal value of HK\$0.01 each of the Company ("**Share(s)**") under the Company's share option scheme adopted on 20 September 2017. At the same date, 9,200,000 share options granted on 3 September 2018 were cancelled as approved by the Board and consented from each of the relevant grantees. Please refer to the announcement dated 2 January 2020 for details.

Save as disclosed above, up to the date of this announcement (i.e. 6 February 2020) (the "**Date of this Announcement**"), there was no subsequent event after this reporting period.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

The Company 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 nine months ended 31 December 2019, 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 Directors has confirmed that he has complied with the required standard of dealings during the nine months ended 31 December 2019 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 nine months ended 31 December 2019 and this results announcement. The Audit Committee is of the opinion that the unaudited condensed consolidated results of the Group for the nine months ended 31 December 2019 comply with the applicable accounting standards 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 nine months ended 31 December 2019, 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 OF THE COMPANY

As at 31 December 2019, 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 (“**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 under such provisions of the SFO), 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/ underlying Shares	Long/short position ⁽⁵⁾	Approximate percentage of shareholding of 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 a controlled corporation	138,000,000	L	34.5
Mr. Luk Yin Cheung (“ Mr. YC Luk ”) ⁽²⁾⁽³⁾	Interest in a controlled corporation; Interest of spouse	138,600,000	L	34.7
Mr. Chan Chak Lun Philip (“ Mr. CL Chan ”) ⁽⁴⁾	Beneficial owner	4,000,000	L	1.0

Notes:

- (1) Mr. KM Luk directly holds 105,000,000 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) Since Mr. YC Luk is the spouse of Ms. Woo Siu Wai (“**Ms. Woo**”), Mr. YC Luk is deemed to be interest in all the Shares in which Ms. Woo is interested or deemed to be interested under the SFO, which is 600,000 Shares. Ms. Woo was interested as a grantee of options to subscribe for up to 600,000 Shares under the Share Option Scheme (announced on 3 September 2018).
- (4) Mr. CL Chan was interested as a grantee of options to subscribe for up to 4,000,000 Shares under the Share Option Scheme (announced on 3 September 2018).
- (5) The Letter “L” denotes the entity/person’s long position in the Shares.

Save as disclosed above, as at 31 December 2019, 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’ AND OTHER PERSONS’ INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2019, 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 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:

Name	Capacity/ Nature of Interest	Number of Shares/ underlying Shares held/ interested	Long/short position ⁽⁵⁾	Approximate Percentage of Shareholding in the Company (%)
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 ⁽⁴⁾	Beneficial owner; Interest of spouse	138,600,000	L	34.7

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 is the spouse of Mr. YC Luk. By virtue of the SFO, Ms. Woo is deemed to be interested in all the Shares in which Mr. YC Luk is interested or deemed to be interested under the SFO, which is 138,000,000 Shares. Ms. Woo was interested as a grantee of options to subscribe for up to 600,000 Shares under the Share Option Scheme (announced on 3 September 2018).
- (5) The Letter “L” denotes the entity/person’s long position in the Shares.

Save as disclosed above, as at 31 December 2019, 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 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**”).

- (i) The Board may, at its absolute discretion and on such terms as it may think fit, grant an option to subscribe any director or employee of the Group, from time to time on the basis of his/her contribution or potential contribution to the development and growth of the Group.
- (ii) On 3 September 2018, 9,200,000 share options (“**Options**”) were granted by the Company under the Share Option Scheme. Among the Options granted, 4,000,000 Options were granted to 1 Director of the Company, 1,400,000 Options were granted to 1 Director of a subsidiary of the Company and 600,000 Options were granted to an associate to a Director of the Company. Among the 9,200,000 Options granted, approximately 48.9% has been vested on 3 March 2019 and approximately 51.1% will be vested on 3 March 2020, provided that the grantee has to remain as an Eligible Participant (as defined in the Share Option Scheme) on such vesting date.

Details regarding the number of Options, date of grant, vesting period, exercise period and exercise price of the Options granted under the Share Option Scheme are set out below:

Name of participants	Date of Options granted	Total number of Options granted	Number of Options granted	Vesting period	Exercise period	Exercise price of Options HK\$ per share	Closing price
							immediately before date of grant HK\$ per share
Mr. CL Chan (Director and Chief executive officer)	3 September 2018	4,000,000	2,000,000	3 September 2018 to 2 March 2019	3 March 2019 to 3 September 2023	0.385	0.35
			2,000,000	3 September 2018 to 2 March 2020	3 March 2020 to 3 September 2023		
Ms. Wai Hang Ying Helen (Director of KML Engineering Limited (“ KML Engineering ”))	3 September 2018	1,400,000	700,000	3 September 2018 to 2 March 2019	3 March 2019 to 3 September 2023	0.385	0.35
			700,000	3 September 2018 to 2 March 2020	3 March 2020 to 3 September 2023		
Ms. Woo (Company Secretary)	3 September 2018	600,000	300,000	3 September 2018 to 2 March 2019	3 March 2019 to 3 September 2023	0.385	0.35
			300,000	3 September 2018 to 2 March 2020	3 March 2020 to 3 September 2023		

Name of participants	Date of Options granted	Total number of Options granted	Number of Options granted	Vesting period	Exercise period	Exercise price of Options HK\$ per share	Closing price
							immediately before date of grant HK\$ per share
Employees	3 September 2018	3,200,000	1,500,000	3 September 2018 to 2 March 2019	3 March 2019 to 3 September 2023	0.385	0.35
			1,700,000	3 September 2018 to 2 March 2020	3 March 2020 to 3 September 2023		
Total		<u>9,200,000</u>					

Details of the movements of Options granted, exercised or cancelled/lapsed during the nine months ended 31 December 2019 and still outstanding as at 31 December 2019 are as follows:

Name of participants	Outstanding	Number of Options granted	Number of Options exercised	Number of Options cancelled	Number of Options lapsed	Outstanding
	as at 1 October 2019					as at 31 December 2019
Mr. CL Chan (Director and chief executive officer)	4,000,000	–	–	–	–	4,000,000
Ms. Wai Hang Ying Helen (Director of KML Engineering)	1,400,000	–	–	–	–	1,400,000
Ms. Woo (Company Secretary)	600,000	–	–	–	–	600,000
Employees	<u>3,200,000</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>3,200,000</u>
Total	<u>9,200,000</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>9,200,000</u>

SHARE AWARD SCHEME

The Company adopted a share award scheme (the “**Share Award Scheme**”) on 5 November 2018 (the “**Adoption Date**”). 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. Please refer to the announcement dated 5 November 2018 for details.

There were no awarded shares granted, vested, forfeited or outstanding during the nine months ended 31 December 2019.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this announcement, at no time during the nine months ended 31 December 2019 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 AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

Save as disclosed in this announcement, during the nine months ended 31 December 2019, 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 businesses of the Group.

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

Hong Kong, 6 February 2020

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.