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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)

PROFIT WARNING

This announcement is made by KML Technology Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors of the Company that, based on the preliminary assessment of the latest management accounts of the Group and the information currently available to the Board, the Group expects to record a loss of approximately HK\$8.1 million for the nine months ended 31 December 2022 (the “**Current Period**”), as compared to a profit of approximately HK\$4.7 million for the nine months ended 31 December 2021 (the “**Last Period**”).

The change from profit to loss was mainly attributable to, among other things, the decrease in revenue, which was as a result of (i) the impact of the fifth wave of coronavirus disease (COVID-19), especially in terms of operational efficiencies and project delivery progress in the first half of the year; (ii) major work progress of significant projects were completed during the Last Period; (iii) major projects in hand at the Current Period are at their early stage that revenue recognised is not substantial; and (iv) upon impairment assessment performed to measure expected credit losses, the Group noticed a winding-up proceeding has been filed against one of our customers. Although the winding-up proceeding has been dismissed during the Current Period, the Group has initiated legal proceedings against this customer in an attempt to recover the long outstanding balances. In this regards, the Group has recognised a loss allowance for expected credit losses on trade receivables during Current Period.

The Company is still in the process of finalising the consolidated results of the Group for the Current Period (the “**Third Quarterly Results**”). The information contained in this announcement can only be treated as a preliminary assessment by the Board in accordance with the latest unaudited consolidated management accounts of the Group and the information currently available, which have not been finalised or reviewed by the audit committee of the Board or auditor of the Company and may be subject to changes and adjustments. Shareholders and potential investors of the Company are advised to refer to the Third Quarterly Results announcement of the Group which is expected to be published by early of February 2023 in compliance with the requirements under the GEM Listing Rules.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 27 January 2023

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, Dr. TSE Chi Kong and Mr. Yu Wing Lok Garry.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange 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 Listed Company Announcements” page of the Stock Exchange’s website at www.hkexnews.hk for a minimum period of 7 days from the date of publication and on the Company’s website at www.kml.com.hk.