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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 2022

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 2022 amounted to approximately Hong Kong dollars (“**HK\$**”) 110.6 million, representing a decrease of approximately HK\$19.2 million or approximately 14.8% as compared with the revenue of approximately HK\$129.8 million for the nine months ended 31 December 2021.

Gross profit of the Group for the nine months ended 31 December 2022 amounted to approximately HK\$22.4 million (2021: approximately HK\$36.9 million).

The net loss of the Group for the nine months ended 31 December 2022 amounted to approximately HK\$9.4 million (2021: net profit of approximately HK\$4.7 million).

The board of directors (the “**Board**”) does not recommend a payment of an interim dividend for the nine months ended 31 December 2022 (2021: 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 2022, together with the unaudited comparative figures for the same period in 2021 as follows:

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

For the nine months ended 31 December 2022

		Nine months ended	
		31 December	
		2022	2021
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
REVENUE	4	110,601	129,775
Cost of sales		(88,229)	(92,881)
Gross profit		22,372	36,894
Other income		6,424	490
Other (loss) and gains, net		(1,125)	338
Impairment loss on financial assets and contract assets, net		(4,457)	(65)
Administrative expenses		(32,438)	(31,706)
Finance costs	5	(152)	(148)
(LOSS)/PROFIT BEFORE TAX		(9,376)	5,803
Income tax expense	6	–	(1,127)
(LOSS)/PROFIT AND TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		(9,376)	4,676
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic		HK(2.35) cents	HK1.18 cents
Diluted		HK(2.34) cents	HK1.17 cents

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2022

	Attributable to owners of the Company						Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Shares held under the share award scheme HK\$'000	Share-based payment reserve HK\$'000	Other Reserves HK\$'000 (Note)	Accumulated profits HK\$'000	
Nine months ended 31 December 2022							
At 31 March 2022 and 1 April 2022 (audited)	4,025	29,598	(709)	1,205	14,791	140,517	189,427
Loss and total comprehensive loss for the period	-	-	-	-	-	(9,376)	(9,376)
Issued new shares for share award scheme	25	-	(25)	-	-	-	-
Purchases of shares for the share award scheme	-	-	(44)	-	-	-	(44)
Equity-settled share award arrangements	-	-	-	331	-	-	331
Vesting of shares under share award scheme	-	-	391	(391)	-	-	-
Forfeiture of share options	-	-	-	(41)	-	-	(41)
Dividend paid	-	(8,012)	-	-	-	-	(8,012)
At 31 December 2022 (unaudited)	<u>4,050</u>	<u>21,586</u>	<u>(387)</u>	<u>1,104</u>	<u>14,791</u>	<u>131,141</u>	<u>172,285</u>
Nine months ended 31 December 2021							
At 31 March 2021 and 1 April 2021 (audited)	4,025	40,507	(825)	920	14,791	132,393	191,811
Profit and total comprehensive income for the period	-	-	-	-	-	4,676	4,676
Equity-settled share option arrangements	-	-	-	57	-	-	57
Equity-settled share award arrangements	-	-	-	415	-	-	415
Vesting of shares under share award scheme	-	-	125	(125)	-	-	-
Forfeiture of share options	-	-	-	(143)	-	143	-
Dividend paid	-	(10,909)	-	-	-	-	(10,909)
At 31 December 2021 (unaudited)	<u>4,025</u>	<u>29,598</u>	<u>(700)</u>	<u>1,124</u>	<u>14,791</u>	<u>137,212</u>	<u>186,050</u>

Note: The Group's other reserves mainly represent 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 of the Group during the year ended 31 March 2018.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2022

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 principal activity of the Company is investment holding and its subsidiaries are principally engaged in the provision of mechanical and electrical ("M&E") 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 condensed consolidated financial statements for the nine months ended 31 December 2022 prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

The condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements and should read in conjunction with the Group's annual financial statements for the year ended 31 March 2022.

The condensed consolidated financial information of the Group has been prepared in accordance with the same accounting policies adopted in the Group's annual financial statements for the year ended 31 March 2022, except for the adoption of the revised HKFRSs (which include all HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations) as disclosed in note 3 below.

3. CHANGES IN ACCOUNTING POLICIES

The Group has adopted the following revised HKFRSs for the current period's financial statements:

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
<i>Annual Improvements to HKFRSs 2018-2020</i>	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

These amendments have had no material effect on how the Group's results and financial position for the current or prior periods that have been presented in this condensed consolidated financial information. The Group has not applied any other new standards or interpretation that is not yet effective for the current accounting period.

4. REVENUE AND SEGMENTAL INFORMATION

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

	Nine months ended	
	31 December	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers:		
Transportation Mission Critical System Solutions	20,104	24,219
Mobile Ticketing and Digital Payment Solutions and Services	11,163	21,338
Digital Fabrication and Maintenance Services	17,344	26,417
M&E Technology Solutions and Engineering Services	57,175	54,095
Sales of Products, Parts and Components	4,815	3,706
	<u>110,601</u>	<u>129,775</u>

Segment information

The Group's operating income during both periods was derived from:

(i) *Transportation Mission Critical System Solutions:*

Provide our customers with a complete and convenient one-stop solution, which reduces their operations and management costs and mitigates the incompatibility risks of different transportation systems.

(ii) *Mobile Ticketing and Digital Payment Solutions and Services:*

Provision of mobile ticketing and digital payment solution in adoption of multiple ePayment including quick response code (“QR Code”), credit cards, octopus and account-based ticketing and fare collection enabled by credit cards or mobile Apps conforming to the EMV specifications.

(iii) *Digital Fabrication and Maintenance Services:*

Provision of computerised and advanced maintenance support services for various systems, terminals and equipment, including the replacement of parts/components, equipment upgrading and/or improvement modification.

(iv) *M&E Technology Solutions and Engineering Services:*

Provision of M&E engineering systems such as railway station M&E engineering services and architectural works, train-borne systems provisions, trackside and depot M&E works and different kinds of renovation works.

(v) *Sales of Products, Parts and Components:*

Provision of parts and components and customises certain products according to customers' requirements.

For the purposes of resource allocation and performance assessment, the chief operation decision maker (i.e. the executive directors of the Company) reviews the overall results and financial position of the Group as a whole. Accordingly, the Group has only one single operating segment and no separate analysis of this single segment is presented other than entity-wide disclosure.

5. FINANCE COSTS

	Nine months ended	
	31 December	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on lease liabilities	<u>152</u>	<u>148</u>

6. INCOME TAX EXPENSE

	Nine months ended	
	31 December	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current – Hong Kong:		
Charge for the period	–	808
Deferred	<u>–</u>	<u>319</u>
Total tax expense for the period	<u>–</u>	<u>1,127</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2021: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2021: 8.25%) and the remaining assessable profits are taxed at 16.5% (2021: 16.5%).

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.

7. DIVIDEND

The Board does not recommend the payment of any dividend for the nine months ended 31 December 2022.

8. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic (loss)/earnings per share amount for the nine months ended 31 December 2022 is based on the loss for the period attributable to owners of the Company of HK\$9,376,000 (2021: profit of HK\$4,676,000), and the weighted average number of ordinary shares in issue less treasury shares held under share award scheme during the period of 399,148,000 (2021: 396,872,000).

The calculation of the diluted loss per share amounts for the nine months ended 31 December 2022 is based on the loss for the period attributable to owners of the Company and the weighted average number of ordinary shares in issue less treasury shares held under share award scheme as used in the basic loss per share calculation, and the weighted average number of 703,000 ordinary shares assumed to have been issued at no consideration on the deemed exercise of the shares held under share award scheme into ordinary shares.

9 RELATED PARTY TRANSACTIONS

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

	Nine months ended	
	31 December	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Purchase of materials from Logistic Industrial Supply Company Limited ("Logistic Industrial") (Note a)	9	8
Rental payments K M L Limited (Note b)	<u>4,301</u>	<u>4,212</u>

Notes:

- (a) Logistic Industrial is a company over which Mr. Luk Kam Ming ("Mr. KM Luk") and Ms. Leung Kwok Yee have significant influence. The purchase prices of goods were mutually agreed between the parties.
- (b) K M L Limited is controlled by Mr. KM Luk. Rental payments were on a mutually-agreed basis.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

The Group has been providing mechanical and electrical (“**M&E**”) engineering solutions and services in Hong Kong for over 45 years. We are diversifying our businesses and comprise mainly the provision of (i) transportation mission critical system solutions; (ii) mobile ticketing and digital payment solutions and services; (iii) digital fabrication and maintenance services; (iv) M&E technology solutions and engineering services; and (v) sales of products, 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 7 x 24 maintenance support.

Being the third year of the coronavirus disease 2019 (“**COVID-19**”) pandemic, the impact had been severe for the construction industry globally, especially in terms of operational efficiencies and material delivery progress between Hong Kong and Mainland China. In November 2022, Hong Kong downgraded its full-year forecast to a 3.2% economic contraction after gross domestic product (GDP) fell for three straight quarters, prolonging the recession. During this difficult era, the Group has changed its operation strategy by streamlining its internal resources and focus on clearing its outstanding contracts on hand. As at 31 December 2022, the Group had outstanding contracts in hand value at approximately HK\$478.2 million (2021: approximately HK\$542.2 million).

On 8 January 2023, mainland China has reopened the border with Hong Kong for the first time in three years. The Hong Kong General Chamber of Commerce predicts this will be the most effective catalyst for the economy to recover quickly and that Hong Kong’s economy will grow by 3.8% in coming year. By escalating the pace of outstanding contracts completion, the Group should have spare capacity and well prepared for rapid reaction as the economy turns around.

Transportation Mission Critical System Solutions

The Group possesses technologies and know-how in the Hong Kong Transportation Mission Critical System Solutions 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 operations and management costs and mitigates the incompatibility risks of different transportation systems. The Group has extensive experience to the works in relation to the railway signaling, communication and control system and platform screen door (PSD) system. For the nine months ended 31 December 2022, revenue generated from this segment amounted to approximately HK\$20.1 million (2021: approximately HK\$24.2 million). As at 31 December 2022, the total value of outstanding contracts of this segment amounted to approximately HK\$21.5 million (2021: approximately HK\$50.7 million).

Mobile Ticketing and Digital Payment Solutions and Services

This segment offers mobile ticketing and digital payment solutions and services to different sectors in Hong Kong and overseas. The Group's capabilities in payment solution adoption of quick response code ("QR Code"), credit cards, octopus, multiple ePayment including QR Code and account-based ticketing and fare collection system enabled by credit cards or mobile Apps conforming to the EMV specifications have provided us with increasing numbers of business opportunities as digital payment and mobile ticketing have been penetrating to our everyday activities. For the nine months ended 31 December 2022, revenue generated from this segment amounted to approximately HK\$11.2 million (2021: approximately HK\$21.3 million). As at 31 December 2022, the total value of outstanding contracts of this segment amounted to approximately HK\$149.3 million (2021: approximately HK\$158.8 million).

Digital Fabrication and Maintenance Services

This segment mainly offers computerised and advanced maintenance support services for various systems, terminals and equipment, including the replacement of parts/components, equipment upgrading or improvement modification, provision of upgrade and/or replacement services for both hardware and/or software, testing, and provision of routine preventive, corrective and workshop maintenance services.

For the nine months ended 31 December 2022, revenue generated from this segment amounted to approximately HK\$17.3 million (2021: approximately HK\$26.4 million). As at 31 December 2022, the total value of outstanding contracts of this segment amounted to approximately HK\$42.7 million (2021: approximately HK\$44.9 million).

M&E Technology Solutions and Engineering Services

M&E Technology Solutions and Engineering Services continued to be the largest business segment of the Group in the reporting period in terms of revenue. Its capabilities encompass design, installation, testing and commissioning and maintenance of miscellaneous M&E engineering systems such as railway station M&E engineering services and architectural works, train-borne systems provisions, trackside and depot M&E works and different kinds of renovation works.

The major projects in progress during the reporting period included (i) replacement and modification of smoke curtains at two railway lines; and (ii) refurbishment and replacement of air handling unit (AHU) and primary air unit (PAU) at various railway lines.

For the nine months ended 31 December 2022, revenue generated from this segment amounted to approximately HK\$57.2 million (2021: approximately HK\$54.1 million). As at 31 December 2022, the total value of outstanding contracts of this segment amounted to approximately HK\$263.9 million (2021: approximately HK\$283.4 million).

Sales of Products, Parts and Components

The Group sources certain parts and components and sometime customizes certain products to our customers according to their requirements. We primarily supply railway signaling and automatic fare collection (“AFC”) related products, parts and components.

For the nine months ended 31 December 2022, revenue generated from this segment amounted to approximately HK\$4.8 million (2021: approximately HK\$3.7 million). As at 31 December 2022, the total value of outstanding contracts of this segment amounted to approximately HK\$0.8 million (2021: approximately HK\$4.4 million).

OUTLOOK

Looking forward, the Group will target to participate in the upcoming MTR network extension projects. These major expansion projects include the Tung Chung line extension; the Tuen Mun South extension; the Northern Link (includes the construction of Kwu Tung station between Lok Ma Chau and Sheung Shui stations on the East Rail Line); and the construction of Hung Shui Kiu station. All these projects expected to commence between 2023 to 2025 and complete by 2029 to 2034.

The Group is renowned for provision of reliable AFC system solution in Hong Kong. Recently, the Group has won a bid in relation to design and deployment of ferry fare collection system for a local customer who operates licensed outlying islands ferry services in Hong Kong. Stepping outside Hong Kong, following the completion of Taiwan Taoyuan Airport Metro A22 Laojie River Station, the Group is looking forward to expanding other Taiwan railway projects.

Other than the traditional railway projects, the Group also engages in projects regarding electric vehicle (“EV”) charging under Home Subsidy Scheme (“EHSS”). During the current period, the Group has successfully completed the Tai O Medium EV Charging Station Installation Project which offered the Tai O residents and visitors a brand-new, design flexible and socially inclusive medium EV charging station. As more EHSS project tenders are expected to release in the coming year, the Group will pursue more on these projects, contributing to the long-term sustainability of Hong Kong.

The Group has been making significant progress in the application of robotic technology to transport coins and banknote vault through the all-times crowded railway station concourse securely, safely and no disturbance to the pedestrian public, and to perform repetitive and tedious human interfacing tests which were usually very manpower consuming. The project is now at its testing phase and the robotic technology has been applied in few stations.

In order to grasp future opportunities upon economic recovery, the Group will continue to concise its internal resources. At the same time, the Group will seek appropriate opportunities to expand its business scope and to diversify its existing business, both in terms of products and customer base.

FINANCIAL REVIEW

Revenue

Revenue of the Group for the nine months ended 31 December 2022 amounted to approximately HK\$110.6 million, representing a decrease of approximately HK\$19.2 million or approximately 14.8% as compared with approximately HK\$129.8 million for the nine months ended 31 December 2021. The supply chain disruptions cause operational efficiencies and certain projects work progress slow down.

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 decreased by approximately 4.2% from approximately HK\$92.9 million for the nine months ended 31 December 2021 to approximately HK\$89.0 million for the nine months ended 31 December 2022. The gross profit of the Group decreased by approximately 41.5% from approximately HK\$36.9 million for the nine months ended 31 December 2021 to approximately HK\$21.6 million for the nine months ended 31 December 2022. The decrease in gross profit is mainly due to (i) cost increment upon resuming projects back to normal capacity; (ii) reversal of projects related to a long outstanding balances trade receivables customer upon impairment assessment and (iii) certain projects awarded in the second half of 2022 as they are still at their early stage.

Impairment loss on financial assets and contract assets

On 9 November 2022, a wholly owned subsidiary of the Group issued a writ of summons (“**Writ**”) to a long outstanding trade receivables customer. A Statement of Claim and a Statement of Truth was filed by the Company engaged lawyer on 6 December 2022.

The Group performed impairment tests with the expected credit losses model on trade receivables and contract assets. It recognised an impairment loss of approximately HK\$4.5 million (2021: HK\$0.1 million), mainly due to the long outstanding trade receivable customer of approximately HK\$4.1 million as disclosed above.

Administrative Expenses

The Group's administrative expenses increased from approximately HK\$31.7 million for the nine months ended 31 December 2021 to approximately HK\$32.4 million for the nine months ended 31 December 2022. The increase was mainly due to (i) an increase of professional fee; and (ii) an increase of costs in relation to the staff welfare improvement.

Loss attributable to owners of the Company

The Group recorded net loss attributable to the owners of the Company of approximately HK\$8.1 million for the nine months ended 31 December 2022 (2021: net profit of approximately HK\$4.7 million). The difference is mainly due to (i) the impact of the fifth wave of 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 has recognised a loss allowance for expected credit losses on the long outstanding balances trade receivables against one of our customers.

Dividend

The Board does not recommend a payment of an interim dividend for the nine months ended 31 December 2022 (2021: Nil).

SUBSEQUENT EVENT AFTER REPORTING PERIOD

A wholly owned subsidiary of the Group has initiated legal proceedings against a customer in an attempt to recover a long outstanding balance trade receivables. As at the date of this announcement (i.e. 8 February 2023) (the “**Date of this Announcement**”), the Company is still waiting for the Defence and Counterclaim (if any) from the defendant and no judgment has been obtained on the case.

Save as disclosed above, up to the Date of this Announcement, there were no subsequent events 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 “**Shareholder(s)**”) 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 2022, the Company has complied with all applicable code provisions in Part 2 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 nine months ended 31 December 2022.

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 2022 and this result announcement. The Audit Committee is of the opinion that the unaudited condensed consolidated results of the Group for the nine months ended 31 December 2022 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 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

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

As at 31 December 2022, 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 were required (i) 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 (ii) to be 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/Nature of Interest	Number of Shares/ underlying Shares held/ interested	Long/short position ⁽⁵⁾	Approximate percentage of Shareholding in the Company ⁽⁶⁾ (%)
Mr. Luk Kam Ming (“ Mr. KM Luk ”) ⁽¹⁾	Beneficial owner; interest of spouse	157,000,000	L	38.77
Mr. Luk Kwai Lung (“ Mr. KL Luk ”) ⁽²⁾	Interest in controlled corporation	138,000,000	L	34.08
Mr. Luk Yin Cheung (“ Mr. YC Luk ”) ⁽²⁾⁽³⁾	Interest in controlled corporation; interest of spouse	138,600,000	L	34.23
Mr. Chan Chak Lun Philip (“ Mr. CL Chan ”) ⁽⁴⁾	Beneficial owner	4,000,000	L	0.99

Notes:

- (1) Mr. KM Luk directly holds 100,000,000 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) Since Mr. YC Luk is the spouse of Ms. Woo Siu Wai (“**Madam Woo**”), Mr. YC Luk is deemed to be interest in all the Shares in which Madam Woo is interested or deemed to be interested under the SFO, which is 600,000 Shares.
- (4) Mr. CL Chan directly holds 2,000,000 Shares and was interested as a grantee of options to subscribe for up to 2,000,000 Shares under the Share Option Scheme (announced on 2 January 2020).
- (5) The Letter “L” denotes the entity/person’s long position in the Shares.
- (6) As at 31 December 2022, the total number of issued Shares were 404,960,000.

Save as disclosed above, as at 31 December 2022, 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 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 31 December 2022, 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 ⁽⁶⁾ (%)
KML Holdings ⁽¹⁾	Beneficial owner	138,000,000	L	34.08
Madam Leung ⁽²⁾	Beneficial owner; interest of spouse	157,000,000	L	38.77
Ms. Chan Patricia ⁽³⁾	Interest of spouse	138,000,000	L	34.08
Madam Woo ⁽⁴⁾	Beneficial owner; interest of spouse	138,600,000	L	34.23

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) Madam Woo is the spouse of Mr. YC Luk. By virtue of the SFO, Madam 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. Madam Woo directly holds 300,000 Shares and was interested as a grantee of options to subscribe for up to 300,000 Shares under the Share Option Scheme (announced on 2 January 2020).
- (5) The Letter “L” denotes the entity/person’s long position in the Shares.
- (6) As at 31 December 2022, the total number of issued Shares were 404,960,000.

Save as disclosed above, as at 31 December 2022, 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.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the nine months ended 31 December 2022 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', CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

For the nine months ended 31 December 2022, 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, 8 February 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 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 Listed Company Information" 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.