

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*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 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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2022

CHARACTERISTICS OF 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 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 year ended 31 March 2022 amounted to approximately Hong Kong dollars (“**HK\$**”) 162.6 million (2021: approximately HK\$224.8 million).

Gross profit of the Group for the year ended 31 March 2022 amounted to approximately HK\$44.5 million, representing a decrease of approximately HK\$19.7 million or approximately 30.7% as compared with approximately HK\$64.2 million for the year ended 31 March 2021.

The net profit of the Group for the year ended 31 March 2022 amounted to approximately HK\$7.9 million (2021: approximately HK\$32.0 million).

The Board recommends the payment of a final dividend of HK2.0 cents per ordinary share for the year ended 31 March 2022 (2021: HK2.73 cents).

FINANCIAL RESULTS

The board of Directors (the “**Board**”) of the Company is pleased to announce the consolidated results of the Group for the year ended 31 March 2022, together with the comparative figures for the year ended 31 March 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

	<i>Notes</i>	2022 HK\$'000	2021 HK\$'000
REVENUE	3	162,559	224,839
Cost of sales		<u>(118,040)</u>	<u>(160,656)</u>
Gross profit		44,519	64,183
Other income		6,526	13,072
Other gains and losses, net		701	225
Impairment losses on financial assets and contract assets, net of reversal		(109)	(144)
Administrative expenses		(41,748)	(40,618)
Finance costs	4	<u>(236)</u>	<u>(261)</u>
PROFIT BEFORE TAX	5	9,653	36,457
Income tax expense	6	<u>(1,768)</u>	<u>(4,460)</u>
PROFIT FOR THE YEAR		<u>7,885</u>	<u>31,997</u>
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		<u>7,885</u>	<u>31,997</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic		<u>HK1.97 cents</u>	<u>HK8.07 cents</u>
Diluted		<u>HK1.96 cents</u>	<u>HK8.06 cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2022

	<i>Notes</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		4,705	5,890
Right-of-use assets		6,224	3,440
Deposits	<i>10</i>	1,011	1,321
Financial assets at fair value through profit or loss		5,913	5,661
Total non-current assets		17,853	16,312
CURRENT ASSETS			
Inventories		237	279
Trade receivables	<i>9</i>	50,974	40,729
Other receivables, deposits and prepayments	<i>10</i>	6,225	4,506
Contract assets		47,930	63,880
Financial asset at fair value through profit or loss		1,323	–
Tax recoverable		2,841	–
Pledged bank deposits		13,837	13,826
Time deposits with original maturity over three months		16,629	5,090
Bank balances and cash		75,397	108,801
Total current assets		215,393	237,111
CURRENT LIABILITIES			
Trade and retention payables	<i>11</i>	8,643	12,699
Other payables and accruals		11,536	12,540
Lease liabilities		6,190	3,213
Contract liabilities		17,053	32,317
Tax payable		246	340
Total current liabilities		43,668	61,109
NET CURRENT ASSETS		171,725	176,002
TOTAL ASSETS LESS CURRENT LIABILITIES		189,578	192,314

	<i>Note</i>	2022 HK\$'000	2021 HK\$'000
NON-CURRENT LIABILITIES			
Lease liabilities		130	318
Deferred tax liabilities		21	185
		<u>151</u>	<u>503</u>
Total non-current liabilities		151	503
Net assets		189,427	191,811
EQUITY			
Share capital	<i>12</i>	4,025	4,025
Reserves		185,402	187,786
		<u>189,427</u>	<u>191,811</u>
Total equity		189,427	191,811

NOTES TO THE FINANCIAL INFORMATION

For the year ended 31 March 2022

1. CORPORATE AND GROUP INFORMATION

KML Technology Group Limited (the “**Company**”) is a limited liability company incorporated in the Cayman Islands. The registered office address of the Company is 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 principal activity of the Company is investment holding and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in the provision of mechanical and electrical (“**M&E**”) engineering solutions and services.

2.1 BASIS OF PREPARATION

This financial information has been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. It has been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which have been measured at fair value. This financial information is presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES

The Group has adopted the following revised HKFRSs for the first time for the current year’s financial statements:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform - Phase 2</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021</i>

The nature and the impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate (“**RFR**”). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity’s financial instruments and risk management strategy.

The Group did not have any interest-bearing bank and other borrowings denominated in Hong Kong dollars based on the Hong Kong Interbank Offered Rate (“**HIBOR**”) and United States dollars based on the London Interbank Offered Rate (“**LIBOR**”) as at 31 March 2022. The amendments did not have any significant impact on the Group’s financial statements.

- (b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has adopted the amendment on 1 April 2021 and applied the practical expedient during the year ended 31 March 2022 to all rent concessions granted by the lessors that affected only payments originally due on or before 30 June 2022 as a direct consequence of the covid-19 pandemic. A reduction in the lease payments arising from the rent concessions of HK\$11,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the year ended 31 March 2022. There was no impact on the opening balance of equity as at 1 April 2021.

3. REVENUE AND SEGMENTAL INFORMATION

An analysis of the Group’s revenue is as follows:

	2022 <i>HK\$’000</i>	2021 <i>HK\$’000</i>
Revenue from contracts with customers		
Transportation Mission Critical System Solutions	33,987	50,207
Mobile Ticketing and Digital Payment Solutions and Services	26,333	37,947
M&E Technology Solutions and Engineering Services	67,754	92,912
Digital Fabrication and Maintenance Services	32,213	40,664
Sales of Products, Parts and Components	2,272	3,109
	162,559	224,839

(a) Disaggregated revenue information

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
By timing of revenue recognition:		
Transferred at a point in time	2,963	9,632
Transferred over time	<u>159,596</u>	<u>215,207</u>
Total revenue from contracts with customers	<u>162,559</u>	<u>224,839</u>

(b) Performance obligations

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at the end of the reporting period are as follows:

2022

	Transportation Mission Critical System Solutions <i>HK\$'000</i>	Mobile Ticketing and Digital Payment Solutions and Services <i>HK\$'000</i>	M&E Technology Solutions and Engineering Services <i>HK\$'000</i>	Digital Fabrication and Maintenance Services <i>HK\$'000</i>	Others <i>HK\$'000</i>
Within one year	35,482	42,588	153,423	17,233	4,416
More than one year	<u>8,116</u>	<u>111,721</u>	<u>151,622</u>	<u>25,231</u>	<u>-</u>
	<u>43,598</u>	<u>154,309</u>	<u>305,045</u>	<u>42,464</u>	<u>4,416</u>

2021

	Transportation Mission Critical System Solutions <i>HK\$'000</i>	Mobile Ticketing and Digital Payment Solutions and Services <i>HK\$'000</i>	M&E Technology Solutions and Engineering Services <i>HK\$'000</i>	Digital Fabrication and Maintenance Services <i>HK\$'000</i>	Others <i>HK\$'000</i>
Within one year	32,359	41,762	75,731	20,049	1,209
More than one year	<u>8,862</u>	<u>98,922</u>	<u>69,256</u>	<u>8,289</u>	<u>70</u>
	<u>41,221</u>	<u>140,684</u>	<u>144,987</u>	<u>28,338</u>	<u>1,279</u>

Segment information

The Group's operating income was derived from the provision of M&E engineering solutions and services during both years. 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.

Geographical information

The Group's revenue from external customers based on the place of operation of customers and non-current assets by jurisdictions based on the location of the assets are detailed below:

	Revenue		Non-current assets	
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2022 <i>HK\$'000</i> <i>(note)</i>	2021 <i>HK\$'000</i> <i>(note)</i>
Hong Kong	156,401	219,641	10,929	9,330
Taiwan	3,641	2,354	–	–
Canada	148	41	–	–
Others	2,369	2,803	–	–
	162,559	224,839	10,929	9,330

Note: Non-current assets comprise property, plant and equipment and right-of-use assets.

4. FINANCE COSTS

Finance costs represented interest on lease liabilities during the years ended 31 March 2022 and 2021.

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Auditor's remuneration	1,725	1,620
Depreciation of property, plant and equipment	2,037	1,980
Depreciation of right-of-use assets	6,049	5,830
Directors' remuneration	4,752	4,628
Employee benefit expenses (excluding directors' and chief executive's remuneration):		
Salaries and other benefits	69,619	69,584
Retirement benefit scheme contributions	2,684	2,902
Equity-settled share-based payment expenses	611	903
Total employee benefit expenses	<u>72,914</u>	<u>73,389</u>
Cost of sales		
– Transportation Mission Critical System Solutions, Mobile Ticketing and Digital Payment Solutions and Services and M&E Technology Solutions and Engineering Services	97,109	131,844
– Others	20,931	28,812
Lease payments not included in the measurement of lease liabilities	130	108
Net foreign exchange gain	(546)	(225)
Fair value loss/(gain) on financial assets at fair value through profit or loss	180	(154)
Written-off of trade payables	(5,002)	–
Gain on disposal of property, plant and equipment	<u>(155)</u>	<u>–</u>

6. INCOME TAX EXPENSE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current – Hong Kong		
Charge for the year	1,934	4,656
Overprovision in prior years	(2)	(29)
Deferred	<u>(164)</u>	<u>(167)</u>
Total tax expense for the year	<u>1,768</u>	<u>4,460</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 year, 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

	2022	2021
	HK\$'000	HK\$'000
Dividend recognised as distribution during the year:		
2021 Final dividend of HK2.73 cents (2020: HK2.0 cents) per ordinary share	10,988	8,000
Less: Dividend for shares held under the share award scheme	(79)	(69)
	10,909	7,931

The proposed final dividend of HK2.0 cents per share in respect of the year ended 31 March 2022 has been proposed by directors and is subject to approval at the forthcoming annual general meeting.

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculations of the basic earnings per share amount for the years ended 31 March 2022 and 2021 are based on the profit for the year attributable to owners of the Company of HK\$7,885,000 (2021: HK\$31,997,000), and the weighted average number of ordinary shares in issue less treasury shares held under share award scheme during the year of 399,428,000 (2021: 396,544,000).

The calculations of the diluted earnings per share amount for the years ended 31 March 2022 and 2021 are based on the profit for the year 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 earnings per share calculation, and the weighted average number of 2,877,000 (2021: 518,000) ordinary shares assumed to have been issued at no consideration on the deemed exercise of dilutive potential ordinary shares into ordinary shares and the effect of awarded shares.

	2022	2021
	HK\$'000	HK\$'000
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	7,885	31,997
	Number of shares	
	2022	2021
	'000	'000
Shares		
Weighted average number of ordinary shares in issue less treasury shares held under the share award scheme during the year used in the basic earnings per share calculation	399,428	396,544
Effect of dilution – weighted average number of ordinary shares		
Share options	1,754	129
Share awards	1,123	389
	402,305	397,062

9. TRADE RECEIVABLES

The Group grants credit terms of 30 to 60 days to its customers from the date of invoices on progress billings of contract and maintenance works and sales of goods. An ageing analysis of the trade receivables is presented based on the invoice date at the end of the reporting period.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 30 days	20,195	11,529
31 to 60 days	14,691	16,927
61 to 90 days	11,485	10,641
Over 90 days	5,160	1,914
	51,531	41,011
Less: Accumulated loss allowance	(557)	(282)
Total	50,974	40,729

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current:		
Deposits	1,011	1,321
Current:		
Advances to suppliers	5,324	2,407
Prepayments	708	1,682
Interest receivables	38	14
Others	155	403
	6,225	4,506
Total	7,236	5,827

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

11. TRADE AND RETENTION PAYABLES

The credit period on purchases and subcontracting of contract work services ranges from 30 to 60 days. The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2022	2021
	HK\$'000	HK\$'000
Trade payables:		
Within 30 days	3,685	2,050
31 to 60 days	210	115
61 to 90 days	455	122
91 to 365 days	99	71
Over 365 days	782	5,839
	5,231	8,197
Retention payables	3,412	4,502
Total trade and retention payables	8,643	12,699

As at 31 March 2021, included in the trade payables aged over 365 days was an amount of HK\$4,901,000, representing the full provision for the Group's contractual obligation, which was pending settlement as the Group was in dispute with the counterparty for the final settlement. This amount of payable was included in written-off of trade payables amounting to HK\$5,002,000 during the year ended 31 March 2022 as the derecognition criteria in accordance with the Group's accounting policies were met.

Retention payables to sub-contractors of contract work are interest-free and payable by the Group after the completion of the maintenance period of the relevant contracts or in accordance with the terms specified in the relevant contracts, ranging from 1 to 2 years from the completion dates of the respective contracts.

12. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 31 March 2022 and 2021	3,800,000	38,000
Issued and fully paid:		
At 31 March 2022	402,500	4,025
At 31 March 2021	402,500	4,025

A summary of movement in the Company's share capital is as follows:

	Number of shares in issue '000	Share capital HK\$'000
At 1 April 2020	400,000	4,000
Share options exercised (<i>note</i>)	<u>2,500</u>	<u>25</u>
At 31 March 2021, 1 April 2021 and 31 March 2022	<u>402,500</u>	<u>4,025</u>

Note: Share options with rights to subscribe for 2,500,000 shares were exercised at the subscription price of HK\$0.259 per share, resulting in the issue of 2,500,000 shares for a total cash consideration, before expenses, of HK\$648,000. An amount of HK\$263,000 was transferred from the share-based payment reserve to share capital upon the exercise of the share options.

13. COMMITMENTS

The Group had no material capital commitments as at 31 March 2022 (2021: Nil).

14. RELATED PARTY TRANSACTIONS

The Group had the following transactions with related parties during the year ended 31 March 2022:

	2022 HK\$'000	2021 HK\$'000
Purchase of materials from Logistic Industrial Supply Company Limited ("Logistic Industrial") (<i>note a</i>)	<u>8</u>	<u>7</u>
Rental payments K M L Limited (<i>note b</i>)	<u>5,646</u>	<u>5,557</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.

15. SHARE OPTION SCHEME

During the year ended 31 March 2022, the Group recognised a share option expense of HK\$57,000 (2021: HK\$695,000).

A number of 1,300,000 share options were forfeited during the year due to the resignation of certain employees of the Group. The share options were forfeited during the year, resulting in the transfer of the corresponding share-based payment reserve of HK\$143,000 to accumulated profits.

At the end of the reporting period, the Company had 6,000,000 (2021: 7,300,000) share options outstanding under the Share Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 6,000,000 (2021: 7,300,000) additional ordinary shares of the Company and additional share capital of HK\$60,000 (2021: HK\$73,000) and share premium of HK\$1,494,000 (2021: HK\$1,818,000) (before issue expenses).

16. SHARE AWARD SCHEME

On 5 November 2018, the Company adopted a share award scheme (the “**Share Award Scheme**”) for the purpose of recognising the contributions by certain eligible persons for the growth and development of the Group and to provide them with incentives in order to retain them for the continual operation and development of the Group.

During the year ended 31 March 2022, 2,375,000 (2021: 2,550,000) awarded shares were granted under the Share Award Scheme with a fair value of HK\$926,000 (2021: HK\$561,000). Equity-settled share award arrangement expense of HK\$592,000 was recognised during the year ended 31 March 2022 (2021: HK\$359,000).

During the year ended 31 March 2022, 570,000 shares were vested to eligible participants under the Share Award Scheme (2021: 800,000).

A number of 680,000 awarded shares were forfeited during the year due to the resignation of certain employees of the Group. The awarded shares were forfeited during the year, resulting in the transfer of the corresponding share-based payment reserve of HK\$96,000 to accumulated profits.

17. EVENT AFTER THE REPORTING PERIOD

KML Capitals Limited, a wholly-owned subsidiary of the Company, made subscriptions for five currency linked investment products from a financial institution on 5 May 2022 and 25 May 2022, respectively, in an aggregate amount of HK\$4.3 million. Further details are set out in the Company’s announcement dated 16 June 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group has been providing mechanical & electrical (“**M&E**”) engineering solutions and services in Hong Kong for over 40 years. We are diversifying our businesses and redefining our businesses in five major segments 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.

During the year ended 31 March 2022 (the “**Reporting Period**”), the Group has submitted 355 tenders and quotations to our customers (2021: 339 tenders and quotations) with 120 contracts being awarded (2021: 135 contracts). As at 31 March 2022, the Group had outstanding contracts in hand value at approximately HK\$549.8 million (2021: approximately HK\$356.5 million) including approximately HK\$331.0 million (2021: approximately HK\$154.8 million) were awarded during the Reporting Period.

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 signalling, communication and control system and platform screen door (PSD) system.

During the Reporting Period, revenue generated from this segment amounted to approximately HK\$34.0 million (2021: approximately HK\$50.2 million), whilst the major projects in progress included:

- provision of platform gap light-emitting diode (“**LED**”) flashing lights system for certain railway lines
- installation of optical fibre backbones for communications-based train control (CBTC) signalling systems in several railway lines
- provision of pedestrian warning system at some hotspot locations of several light rail stops
- improvement of the signalling power supply network’s reliability of a railway line

As at 31 March 2022, the total value of outstanding contracts of this segment amounted to approximately HK\$43.6 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.

The major projects in progress during the Reporting Period included:

- replacement and upgrading of automatic fare collection ("AFC") gates and ticket issuing machines
- supply and installation of lane equipment for e-Payment System for Cross Harbour Tunnel
- supply of AFC equipment for Taoyuan Airport MRT
- application of QR Code for Travel on MTR

During the Reporting Period, revenue generated from this segment amounted to approximately HK\$26.3 million (2021: approximately HK\$37.9 million). As at 31 March 2022, the total value of outstanding contracts of this segment amounted to approximately HK\$154.3 million, including a new major project of upgrading of AFC gates for a railway line which amounted to approximately HK\$34.9 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. During the Reporting Period, the major maintenance projects included:

- maintenance and enhancement of AFC equipment and security systems at various railway lines
- maintenance of trackside signalling equipment for a high-speed railway line
- maintenance of various access control equipment and carpark system at different premises of a major bank in Hong Kong

During the Reporting Period, revenue generated from this segment amounted to approximately HK\$32.2 million (2021: approximately HK\$40.7 million). As at 31 March 2022, the total value of outstanding contracts of this segment amounted to approximately HK\$42.5 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. During the Reporting Period, revenue generated from this segment amounted to approximately HK\$67.8 million (2021: approximately HK\$92.9 million), whilst the major projects in progress included:

- replacement and modification of smoke curtains at two railway lines
- replacement of trackside advertising panels along a railway line and a railway station
- standardisation of shop signs at a railway line
- refurbishment and replacement of air handling unit (AHU) and primary air unit (PAU) at various railway lines
- improvement of environmental control system (ECS) at various railway stations

As at 31 March 2022, the total value of outstanding contracts of this segment amounted to approximately HK\$305.0 million, including:

- (i) replacement of station lighting with LED technology;
- (ii) revamp of trackside advertising panels along a railway line; and
- (iii) eleven additional new projects awarded in relation to the “Electric Vehicle (“EV”)-charging at Home Subsidy Scheme” (“EHSS”). EHSS is a government pilot scheme to encourage and subsidise the installation of EV charging-enabling infrastructure (“EVCEI”) in private car parks in order to support the wider use of electric private cars in Hong Kong. The Group’s role is to provide professional consultancy services for design and project management of the installation of EVCEI.

Sales of Products, Parts and Components

The Group sources certain parts and components and sometime customises certain products to our customers according to their requirements. We primarily supply railway signalling and AFC related products, parts and components.

During the Reporting Period, revenue generated from this segment amounted to approximately HK\$2.3 million (2021: approximately HK\$3.1 million). As at 31 March 2022, the total value of outstanding contracts of this segment amounted to approximately HK\$4.4 million.

During the Reporting Period, e2B Limited, a wholly-owned subsidiary of the Company has been set up as planned targeting to the ePayment business. By making use of the knowledge and experience we gained when carrying out the project at the Taoyuan MRT on the integration of mobile payment application with QR Code and various contactless payment method, the Group has lined up with various business partners including bank and digital payment providers with a plan to take up broader roles in the ePayment business arena. Apart from the AFC market which the Group has been focusing, we will further diversify our customer base by expanding our technology-led business in the retailing market. Despite the progress has been hindered by the COVID-19 pandemic, the Group will continue to monitor its development and grasp the opportunity when it comes.

The Impact of the fifth wave of the coronavirus disease

Since the onset of the fifth wave of COVID-19 from the second half of December 2021 in Hong Kong, various anti-pandemic measures, including tightened social distancing measures, quarantine, isolation of close contacts, undergoing compulsory testing as well as working from home and going out less, were taken place with a view to controlling the COVID-19 pandemic situation.

These measures have indeed led to the adverse effect on our operational efficiencies, supply chain, supply of workforce, work progress of the Group's projects on hand as well as the cash flows from operation. In addition, the tendering opportunities and the tender evaluation processes by the potential customers have been significantly diminished and slowed down respectively since January 2022. Despite the Group has taken all practicable measures including the implementation of cost-control measures and an unprecedented high standard to protect our staff members' health and safety, the Group's business and financial performance were adversely affected and not satisfying.

Environmental, Social and Governance

The Group acknowledges and commits to bearing the responsibilities of the environment, social and governance (“**ESG**”). During the Reporting Period, our key initiatives included (i) KML Engineering Limited (“**KML Engineering**”) pledged the “Integrity Charter” jointly launched by the Development Bureau (DEVB), the Independent Commission Against Corruption (ICAC) and the Construction Industry Council (CIC) to promote integrity management; (ii) KML Engineering established an Integrity Management Policy (the “**Policy**”) and imposed the Policy on its external providers through contractual means; (iii) all members of the Board and senior management attended at least one session of anti-corruption training; (iv) the Group allocated additional resources in safeguarding our staff members' health and safety and exercising care initiatives in the difficult times, actions including the implementation of spilt-team home office arrangement for office staff, the provision of protective equipment and COVID-19 rapid test kits, the deployment of several disinfecting misting machines for daily office disinfection, the provision of special leave arrangement for vaccinated staff and/or staff undertaking compulsory testing; and (v) KML Engineering participated in “Say Yes to Breastfeeding” campaign initiated by the Hong Kong Committee for the United Nations Children's Fund (UNICEF HK), in collaboration with the Food and Health Bureau and Department of Health in promoting Breastfeeding Friendly Workplace.

OUTLOOK

During the Reporting Period, the Group has submitted 355 tenders and quotations to our customers (2021: 339 tenders and quotations) with 120 contracts being awarded (2021: 135 contracts). Among the 355 tenders and quotations submitted and 120 contracts awarded, 117 tenders and quotations and 11 consultancy service contracts were in relation to the pilot EHSS respectively. Apart from the provision of the professional consultancy services for design and project management of the installation of EVCEI, the Group will continue to explore more potential opportunities including those relating to the upgrade of power system as a result of the installation of EV chargers; and move on tendering of installation services. Leverage with our intensive experience and expertise in M&E engineering solutions and services combined with the reputation in the M&E industry, we are confident that the Group is in an advantageous position to compete with its competitors.

In October 2021, the Government announced Hong Kong's Climate Action Plan 2050, setting out the vision of vision of "Zero-carbon Emissions • Liveable City • Sustainable Development", and outlining the strategies and targets for combating climate change and achieving carbon neutrality. On 23 February 2022, the Financial Secretary further announced that an additional sum of HK\$1.5 billion would be made available to extend the EHSS for four years to financial year 2027-28. The Group is of the view that the EV market will keep prosperous, the widely adoption of EVs and their associated supporting facilities would offer numerous opportunities the Group pursue.

Knowing that the design of new stations of several railway projects under Government's Railway Development Strategy 2014 by our major customer were in good progress and the intention of railway network expansion to support the Northern Metropolis Development Strategy which was announced in the 2021 Policy Address. As such, we remain optimistic about the prospect of the business segments, particularly in relation to the transportation mission critical system solutions and mobile ticketing and digital payment solutions and services.

Besides, as the Group has made significant progress in several research and development projects, we are envisaging some of the techniques to develop our products. One of the prominent techniques is 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. Application of robotic technology and the internet of things (IoT) are indeed two of the key elements to realising the vision of Smart City.

The Group commits to equipping ourselves and excelling in grasping future opportunities. The upgrade of our M&E workshop together with the provision of training opportunities to our staff members would facilitate us to embrace the challenges in the industries we operate. Furthermore, we would enhance our quality management systems in the software domain, and we anticipate the ISO 90003 assessment would be conducted within the coming financial year.

Nevertheless, the continual Omicron outbreak in nearby Asian cities, together with the declined level of antibodies of Hong Kong residents over time, the risk of a new wave of pandemic should not be neglected. The Group will continue to closely monitor the trend of the pandemic and prepare ourselves to react rapidly to any impact on the Group financial position and operations.

To cope with the challenges ahead, the Group will persist to take all practicable measures, including streamlining our business processes, reinforcing cost control, ensuring our resources utilised effectively, and pursuing opportunities in emerging market in order to enhance our profitability. In the meantime, the Group will make continual effort to operate our business in a sustainable manner. For the new financial year, our prioritised ESG works comprise (i) the preparation of ISO 45001 Occupational Health and Safety Management System certification, with the attempts to demonstrate our commitment to the continual improvement of the safety management system as well as boost stakeholder confidence in our abilities to maintain a safe work environment; (ii) the enhancement of cost and operational efficiency for works at height and maintaining the high safety operating standard simultaneously by purchasing additional protective outfit, high level work platforms and lifting devices etc.; (iii) the creation of a brand-new leisure space for our staff members through the renovation of a designated office area; and (iv) the replacement of fuel-consuming vehicle with electric vehicle by engaging in “One-for-One Replacement Scheme”.

FINANCIAL REVIEW

Revenue

Revenue of the Group for the Reporting Period amounted to approximately HK\$162.6 million, representing a decrease of approximately HK\$62.2 million as compared with approximately HK\$224.8 million for the year ended 31 March 2021. Such decrease was mainly due to (i) major work progress of significant projects were completed during the year ended 31 March 2021; and (ii) projects in hand are at early stage that revenue recognised is not substantial.

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) sub-contracting cost. The cost of sales decreased by approximately 26.6% from approximately HK\$160.7 million for the year ended 31 March 2021 to approximately HK\$118.0 million for the Reporting Period. The decrease in cost of sales was mainly due to (i) the decrease in revenue as discussed above; and (ii) temporary closure of some project sites in compliance of the COVID-19 anti-pandemic measures. The gross profit of the Group decreased by approximately 30.7% from approximately HK\$64.2 million for the year ended 31 March 2021 to approximately HK\$44.5 million for the Reporting Period. The decrease in gross profit was mainly due to (i) the decrease of revenue as discussed above; and (ii) a decrease of gross profit margin for projects during the Reporting Period.

Administrative Expenses

The Group's administrative expenses increased by approximately 2.7% from approximately HK\$40.6 million for the year ended 31 March 2021 to approximately HK\$41.7 million for the Reporting Period. Such increase was mainly due to an increase of cost in relation to COVID-19 anti-pandemic measures.

Profit attributable to the owners of the Company

The Group recorded net profit attributable to the owners of the Company of approximately HK\$7.9 million for the Reporting Period (2021: net profit of approximately HK\$32.0 million). The decrease in net profit is mainly due to (i) the decrease of revenue as discussed above; and (ii) the receipt of financial support from the Government of the Hong Kong Special Administrative Region in response to COVID-19 pandemic for the year ended 31 March 2021.

Liquidity, Financial Resources and Capital Structure

Historically, the Group has met the liquidity and capital requirements primarily through operating cash flows and capital contribution from its shareholders (the “**Shareholder(s)**”).

The Group requires cash primarily for working capital needs. As at 31 March 2022, the Group had approximately HK\$92.0 million in (i) bank balances and cash; and (ii) time deposits with original maturity over three months (2021: approximately HK\$113.9 million), representing a decrease of approximately HK\$21.9 million as compared to that as at 31 March 2021.

There has been no change on the capital structure of the Group for the Reporting Period and up to the date of this announcement (i.e. 17 June 2022) (the “**Date of this Announcement**”). The share capital of the Company only comprises of ordinary shares.

As at 31 March 2022, the issued share capital of the Company was HK\$4,025,000 divided into 402,500,000 shares of HK\$0.01 each.

Capital Expenditure

The Group purchased property, plant and equipment amounting to approximately HK\$0.9 million for the Reporting Period which comprised acquisition of furniture, fixtures and office equipment (2021: approximately HK\$1.9 million).

Final Dividend

The Board recommends the payment of a final dividend of HK2.0 cents per share for the Reporting Period (2021: HK2.73 cents).

Closure of Register of Members

The register of members of the Company will be closed from Tuesday, 2 August 2022 to Friday, 5 August 2022, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend the AGM, during which period no transfers of shares shall be effected. In order to qualify for attending and voting at the AGM to be held on Friday, 5 August 2022, all transfers of shares, accompanied by the relevant share certificates and transfer forms, must be lodged for registration with Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Monday, 1 August 2022.

The Register of Members will be closed from Friday, 12 August 2022 to Tuesday, 16 August 2022, both days inclusive, in order to determine the entitlement of the Shareholders who are entitled to receive the final dividend, during which period no transfers of shares shall be effected. In order to qualify for the entitlement of final dividend, all transfer of shares, accompanied by the relevant share certificates and transfer forms, must be lodged for registration with Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Thursday, 11 August 2022.

Employees and Remuneration Policies

As at 31 March 2022, the Group employed 200 employees (2021: 203 employees). The Group's remuneration policies are in line with the prevailing market practice and are determined on the basis of performance, qualification and experience of individual employee. On top of basic salaries, bonus may be paid with reference to the Group's performance as well as individual's performance. Other staff benefits include provision of retirement benefits, medical and life insurance benefits. Share options and/or share awards may also be granted to eligible employees by reference to the Group's performance as well as the individual contribution.

Use of Proceeds from the Listing

On 16 October 2017, the shares were listed on GEM by way of share Offer (“**Listing**”). The Group intends to apply the proceeds from the Listing in accordance with the proposed applications set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus.

After deduction of all related listing expenses and commissions, the net proceeds from Listing amounted to approximately HK\$36.0 million. The Board resolved on 10 July 2019 to change the intended use of part of the net proceeds from Listing. For further details, please refer to the announcement of the Company dated 10 July 2019.

The net proceeds have been utilised in a manner consistent with the disclosures set out in the Prospectus and the said announcement of the Company dated 10 July 2019. As at 31 March 2022, the net proceeds have been fully utilised. An analysis of the planned usage of net proceeds, the revised use of net proceeds, and the actual utilisation of the net proceeds from the Listing Date up to 31 March 2022 are set out as below:

	Planned use of net proceeds as stated in the Prospectus HK\$'000	Revised use of net proceeds HK\$'000	Actual use of net proceeds for the year ended 31 March 2022 HK\$'000	Aggregate use of net proceeds up to 31 March 2022 HK\$'000
Expand and enhance our M&E engineering technical capabilities	17,952	9,601	–	9,601
Deepen our penetration of the Hong Kong M&E engineering industry with special focus on the Transportation Mission Critical System Solutions market by strengthening our research and development capabilities and increasing our brand awareness through marketing efforts	9,252	8,603	2,193	8,603
Strengthen our financial capabilities to undertake larger-scale M&E engineering projects in the future	6,000	15,000	–	15,000
Working Capital and other general corporate purposes	2,796	2,796	–	2,796
Total	36,000	36,000	2,193	36,000

GEARING RATIO

The ratio was not applicable for the Reporting Period as no borrowing was incurred (2021: Nil).

FOREIGN EXCHANGE EXPOSURE

We conducted business with customers, suppliers and subcontractors located in Hong Kong, the People's Republic of China (the "PRC") and overseas. The Group's exposure to the currency risk mainly arises from the fluctuation of Renminbi ("RMB"), Euro ("EUR") or United States dollars ("USD"). The Group currently does not have any hedging policy in place for its foreign currency exposure. The management will consider hedging significant currency exposure should the need arise.

TREASURY POLICIES

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Reporting Period. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

During the Reporting Period, the Group has opened a private bank account with a well-established bank under KML Capitals Limited, a wholly-owned subsidiary of the Company. The Group would invest surplus funds via this private bank account aiming to earn a better yield than that generally offered by the commercial banks.

SIGNIFICANT INVESTMENTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group did not hold any significant investments in equity interest in any other companies as at 31 March 2022. Except for those included in the section headed "Future Plans and Use of Proceeds" in the Prospectus, the Group had no definite future plans for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES OR JOINT VENTURES

There were no other significant investments held, material acquisitions or disposals of subsidiaries, associates or joint ventures during the Reporting Period.

PLEDGES OF ASSETS

As at 31 March 2022, the Group pledged certain amount of bank deposits and investments in life insurance policies to secure general banking facilities granted to the Group.

CAPITAL COMMITMENT

The Group did not have any capital commitment as at 31 March 2022 (2021: Nil).

CONTINGENT LIABILITIES

As at 31 March 2022, the Group did not have any significant contingent liabilities (2021: Nil).

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of 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. The Company has complied with all applicable code provisions of the CG Code for the Reporting Period. The Company will continue to review and monitor its corporate governance practices to ensure compliance with 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. Having made specific enquiries of all the Directors, each of the Directors has confirmed that he has complied with the required standard of dealings for the Reporting Period.

AUDIT COMMITTEE AND REVIEW OF ANNUAL RESULTS

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 with the management internal control and financial reporting matters of the Company, including the review of the consolidated results of the Group for the Reporting Period and the annual report.

SCOPE OF WORK OF THE COMPANY’S AUDITOR

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Reporting Period as set out in the preliminary announcement have been agreed by the Company’s auditor to the amounts set out in the Group’s draft consolidated financial statements for the year. The work performed by the Company’s auditor in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by the Company’s auditor on the preliminary announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities, except that the trustee of the share award scheme adopted by the Company on 5 November 2018 (the "**Share Award Scheme**"), pursuant to the terms of the rules and trust deed of the Share Award Scheme, purchased on the Stock Exchange a total of 40,000 shares at a total consideration of approximately HK\$9,000.

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 principal terms of the Share Option Scheme are summarised below:

- (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) the maximum number of shares in respect of which options may be granted under the Share Option Scheme must not in aggregate exceed 40,000,000 shares, representing 10% of the total number of shares in issue as at the date of adoption and approximately 9.9% of the total number of shares in issue as at the Date of this Announcement;
- (iii) the total number of shares issued and to be issued upon exercise of options granted to any participant (including both exercised and outstanding options) under the Share Option Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the shares in issue. Any further grant of options in excess of such limit must be separately approved by Shareholders in general meeting with such grantee and his/her close associates abstaining from voting;
- (iv) an option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed 10 years from the date of grant subject to the provisions of early termination thereof;
- (v) an offer for the grant of options must be accepted within three business days from the date of offer. The amount payable by the eligible persons of an option to the Company on acceptance of the offer for the grant of an option is HK\$10;

- (vi) the subscription price of a share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to an eligible person and shall not be less than the highest of: (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day; (ii) the average closing prices of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of a share on the date of grant of the option; and
- (vii) the Share Option Scheme will remain in force for a period of 10 years commencing on the Listing Date and shall expire at the close of business on the business day immediately preceding the 10th anniversary thereof unless terminated earlier by the Shareholders in a general meeting.

On 2 January 2020, the Company granted 9,800,000 share options (“**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 under the Share Option Scheme. Among the Options granted, 2,000,000 Options were granted to a Director, 700,000 Options were granted to a director of a subsidiary of the Company and 300,000 Options were granted to an associate to a Director.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this announcement, at no time during the Reporting Period 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.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

During the Reporting Period and up to the Date of this Announcement, none of the Directors 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.

EVENTS AFTER THE END OF THE REPORTING PERIOD

KML Capitals Limited, a wholly-owned subsidiary of the Company, made subscriptions for five currency linked investment products from a financial institution on 5 May 2022 and 25 May 2022, respectively, in an aggregate amount of approximately HK\$4.3 million. Further details are set out in the Company's announcement dated 16 June 2022.

Save as disclosed above, up to the Date of this Announcement, there were no other subsequent events after the Reporting Period.

PUBLICATION OF THE ANNUAL RESULTS AND 2021/22 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.kml.com.hk), and the 2021/22 annual report containing all the information required by the GEM Listing Rules will be dispatched to the Shareholders and will be published on the respective websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 17 June 2022

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 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 website of the Company at www.kml.com.hk.