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KML Technology Group Limited

高萌科技集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8065)

CLARIFICATION ANNOUNCEMENT IN RELATION TO THE THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER 2022

Reference is made to the third quarterly results announcement for the nine months ended 31 December 2022 (the “**Results Announcement**”) of KML Technology Group Limited (the “**Company**”) dated 8 February 2023. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Results Announcement.

The Company wishes to clarify that due to inadvertent errors, the following parts of the Results Announcement shall be read as follows (the amendments have been underlined for easy reference):

- (i) under the section headed “Cost of Sales and Gross Profit” on page 12 of the Results Announcement,

“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 5.1% from approximately HK\$92.9 million for the nine months ended 31 December 2021 to approximately HK\$88.2 million for the nine months ended 31 December 2022. The gross profit of the Group decreased by approximately 39.3% from approximately HK\$36.9 million for the nine months ended 31 December 2021 to approximately HK\$22.4 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.”

- (ii) under the section headed “Loss attributable to owners of the Company” on page 13 of the Results Announcement,

“The Group recorded net loss attributable to the owners of the Company of approximately HK\$9.4 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.”

The clarification will be reflected in the third quarterly report 2022 of the Company. The Company confirms that the above clarification does not affect other information contained in the Results Announcement. Save for the aforesaid, all the information and contents set out in the Results Announcement remain unchanged.

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

Hong Kong, 9 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 Rules Governing the Listing of Securities on GEM of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Listed Company 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 the Company’s website at www.kml.com.hk.