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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)**

## **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023**

### **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 six months ended 30 September 2023 (the “**Reporting Period**”) amounted to approximately Hong Kong dollars (“**HK\$**”) 93.4 million, representing an increase of approximately HK\$18.7 million or approximately 25.0% as compared with the revenue of approximately HK\$74.7 million for the six months ended 30 September 2022.

Gross profit of the Group for the Reporting Period amounted to approximately HK\$17.1 million (2022: approximately HK\$17.9 million).

The net loss of the Group for the Reporting Period amounted to approximately HK\$3.2 million (2022: net loss of approximately HK\$0.8 million).

The board of Directors (the “**Board**”) does not recommend a payment of an interim dividend for the Reporting Period (2022: Nil).

## FINANCIAL RESULTS

The Board is pleased to announce the condensed consolidated interim results of the Group for the Reporting Period, together with the unaudited comparative figures for the same period in 2022 as follows:

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

*For the six months ended 30 September 2023*

|   |              | <b>Six months ended</b>      |                       |
|---|--------------|------------------------------|-----------------------|
|   |              | <b>30 September</b>          |                       |
|   |              | <b>2023</b>                  | <b>2022</b>           |
|   | <i>Notes</i> | <b>HK\$'000</b>              | <b>HK\$'000</b>       |
|   |              | <b>(Unaudited)</b>           | <b>(Unaudited)</b>    |
| REVENUE   | 4            | <b>93,426</b>                | 74,692                |
| Cost of sales   |              | <u><b>(76,310)</b></u>       | <u>(56,840)</u>       |
| Gross profit  |              | <b>17,116</b>                | 17,852                |
| Other income  | 5            | <b>1,660</b>                 | 5,365                 |
| Other gains and losses, net   | 5            | <b>(195)</b>                 | (1,694)               |
| Reversal of impairment loss/(impairment loss)<br>on financial assets and contract assets, net |              | <b>28</b>                    | (410)                 |
| Administrative expenses   |              | <b>(21,427)</b>              | (21,714)              |
| Finance costs   | 6            | <u><b>(317)</b></u>          | <u>(116)</u>          |
| LOSS BEFORE TAX   |              | <b>(3,135)</b>               | (717)                 |
| Income tax expense  | 7            | <u><b>(113)</b></u>          | <u>(50)</u>           |
| LOSS AND TOTAL COMPREHENSIVE<br>LOSS FOR THE PERIOD ATTRIBUTABLE<br>TO OWNERS OF THE COMPANY  |              | <u><b>(3,248)</b></u>        | <u>(767)</u>          |
| LOSS PER SHARE ATTRIBUTABLE TO ORDINARY<br>EQUITY HOLDERS OF THE COMPANY                      | 9            |                              |                       |
| Basic   |              | <b>HK(0.81) cents</b>        | HK(0.19) cents        |
| Diluted   |              | <u><b>HK(0.81) cents</b></u> | <u>HK(0.19) cents</u> |

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION***As at 30 September 2023*

|   |              | <b>As at</b>        |                  |
|---|--------------|---------------------|------------------|
|   |              | <b>30 September</b> | 31 March         |
|   |              | <b>2023</b>         | 2023             |
|   | <i>Notes</i> | <b>HK\$'000</b>     | <b>HK\$'000</b>  |
|   |              | <b>(Unaudited)</b>  | <b>(Audited)</b> |
| <b>NON-CURRENT ASSETS</b>                                 |              |                     |                  |
| Property, plant and equipment                             | <i>10</i>    | <b>4,688</b>        | 4,868            |
| Right-of-use assets                                       |              | <b>6,177</b>        | 9,154            |
| Deposits  |              | <b>954</b>          | 948              |
| Financial assets at fair value through profit or loss     | <i>11</i>    | <b>6,292</b>        | 6,214            |
|   |              | <hr/>               | <hr/>            |
| Total non-current assets                                  |              | <b>18,111</b>       | 21,184           |
|   |              | <hr/>               | <hr/>            |
| <b>CURRENT ASSETS</b>                                     |              |                     |                  |
| Inventories   |              | <b>236</b>          | 236              |
| Trade receivables   | <i>12</i>    | <b>36,852</b>       | 29,000           |
| Other receivables, deposits and prepayments               |              | <b>5,585</b>        | 7,749            |
| Contract assets   |              | <b>63,728</b>       | 43,952           |
| Financial assets at fair value through profit or loss     | <i>11</i>    | <b>2,986</b>        | 1,588            |
| Tax recoverable   |              | <b>1,945</b>        | 1,998            |
| Pledged bank deposits                                     |              | <b>14,122</b>       | 14,004           |
| Time deposits with original maturity over<br>three months |              | <b>9,560</b>        | 12,925           |
| Bank balances and cash                                    |              | <b>51,364</b>       | 74,021           |
|   |              | <hr/>               | <hr/>            |
| Total current assets                                      |              | <b>186,378</b>      | 185,473          |
|   |              | <hr/>               | <hr/>            |

|  |              | As at                                 |                                     |
|--|--------------|---------------------------------------|-------------------------------------|
|  |              | 30 September<br>2023                  | 31 March<br>2023                    |
|  | <i>Notes</i> | <b>HK\$'000</b><br><b>(Unaudited)</b> | <b>HK\$'000</b><br><b>(Audited)</b> |
| <b>CURRENT LIABILITIES</b>                   |              |                                       |                                     |
| Trade and retention payables                 | <i>13</i>    | <b>11,896</b>                         | 10,115                              |
| Other payables and accruals                  |              | <b>12,537</b>                         | 13,863                              |
| Lease liabilities                            |              | <b>5,537</b>                          | 5,837                               |
| Contract liabilities                         |              | <b>8,891</b>                          | 7,612                               |
| Provision for contract works                 | <i>14</i>    | <b>11,946</b>                         | 16,169                              |
| Bank borrowing                               | <i>15</i>    | <b>6,000</b>                          | –                                   |
|  |              | <hr/>                                 | <hr/>                               |
| Total current liabilities                    |              | <b>56,807</b>                         | 53,596                              |
|  |              | <hr/>                                 | <hr/>                               |
| <b>NET CURRENT ASSETS</b>                    |              | <b>129,571</b>                        | 131,877                             |
|  |              | <hr/>                                 | <hr/>                               |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> |              | <b>147,682</b>                        | 153,061                             |
|  |              | <hr/>                                 | <hr/>                               |
| <b>NON-CURRENT LIABILITIES</b>               |              |                                       |                                     |
| Lease liabilities                            |              | <b>770</b>                            | 3,322                               |
| Deferred tax liabilities                     |              | <b>222</b>                            | 95                                  |
|  |              | <hr/>                                 | <hr/>                               |
| Total non-current liabilities                |              | <b>992</b>                            | 3,417                               |
|  |              | <hr/>                                 | <hr/>                               |
| Net assets                                   |              | <b>146,690</b>                        | 149,644                             |
|  |              | <hr/>                                 | <hr/>                               |
| <b>EQUITY</b>                                |              |                                       |                                     |
| Share capital                                |              | <b>4,050</b>                          | 4,050                               |
| Reserves                                     |              | <b>142,640</b>                        | 145,594                             |
|  |              | <hr/>                                 | <hr/>                               |
| Total equity                                 |              | <b>146,690</b>                        | 149,644                             |
|  |              | <hr/>                                 | <hr/>                               |

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2023

|  | Attributable to owners of the Company |                           |  |   |                                      |                                 | Total equity<br>HK\$'000 |
|--|---------------------------------------|---------------------------|--|---|--------------------------------------|---------------------------------|--------------------------|
|  | Share capital<br>HK\$'000             | Share premium<br>HK\$'000 | Shares held under the share award scheme<br>HK\$'000 | Share-based payment reserve<br>HK\$'000 | Other reserves<br>HK\$'000<br>(Note) | Accumulated profits<br>HK\$'000 |                          |
| <b>Six months ended 30 September 2023</b>        |                                       |                           |  |   |                                      |                                 |                          |
| At 31 March 2023 and 1 April 2023<br>(audited)   | 4,050                                 | 21,587                    | (387)  | 1,267                                   | 14,791                               | 108,336                         | 149,644                  |
| Loss and total comprehensive loss for the period | -                                     | -                         | -  | -                                       | -                                    | (3,248)                         | (3,248)                  |
| Equity-settled share option arrangements         | -                                     | -                         | -  | 122                                     | -                                    | -                               | 122                      |
| Equity-settled share award arrangements          | -                                     | -                         | -  | 172                                     | -                                    | -                               | 172                      |
| Vesting of shares under share award scheme       | -                                     | -                         | 519  | (519)                                   | -                                    | -                               | -                        |
| Forfeiture of share options                      | -                                     | -                         | -  | (44)                                    | -                                    | 44                              | -                        |
| At 30 September 2023 (unaudited)                 | <u>4,050</u>                          | <u>21,587</u>             | <u>132</u>   | <u>998</u>                              | <u>14,791</u>                        | <u>105,132</u>                  | <u>146,690</u>           |
| <b>Six months ended 30 September 2022</b>        |                                       |                           |  |   |                                      |                                 |                          |
| At 31 March 2022 and 1 April 2022<br>(audited)   | 4,025                                 | 29,598                    | (709)  | 1,205                                   | 14,791                               | 140,517                         | 189,427                  |
| Loss and total comprehensive loss for the period | -                                     | -                         | -  | -                                       | -                                    | (767)                           | (767)                    |
| Issued new shares for share award scheme         | 25                                    | -                         | (25)   | -                                       | -                                    | -                               | -                        |
| Purchases of shares for the share award scheme   | -                                     | -                         | (44)   | -                                       | -                                    | -                               | (44)                     |
| Equity-settled share award arrangements          | -                                     | -                         | -  | 209                                     | -                                    | -                               | 209                      |
| Vesting of shares under share award scheme       | -                                     | -                         | 391  | (391)                                   | -                                    | -                               | -                        |
| Forfeiture of share awards                       | -                                     | -                         | -  | (41)                                    | -                                    | 41                              | -                        |
| Dividend paid                                    | -                                     | (8,012)                   | -  | -                                       | -                                    | -                               | (8,012)                  |
| At 30 September 2022 (unaudited)                 | <u>4,050</u>                          | <u>21,586</u>             | <u>(387)</u>   | <u>982</u>                              | <u>14,791</u>                        | <u>139,791</u>                  | <u>180,813</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.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2023

|   | Six months ended |                 |
|---|------------------|-----------------|
|   | 30 September     |                 |
|   | 2023             | 2022            |
|   | HK\$'000         | HK\$'000        |
|   | (Unaudited)      | (Unaudited)     |
| NET CASH (USED IN)/FROM OPERATING ACTIVITIES                                | <u>(29,559)</u>  | <u>11,780</u>   |
| CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES                              |                  |                 |
| Bank interest received  | 1,449            | 405             |
| Purchase of property, plant and equipment                                   | (736)            | (1,255)         |
| Addition of financial assets at fair value through profit or loss           | (106)            | (1,127)         |
| Withdrawn of time deposits with original maturity date<br>over three months | 3,365            | 11,603          |
| Placement of time deposits with original maturity date<br>over three months | –                | (15,083)        |
| Placement of pledged deposits   | <u>(118)</u>     | <u>(11)</u>     |
| Net cash flows from/(used in) investing activities                          | <u>3,854</u>     | <u>(5,468)</u>  |
| CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES                              |                  |                 |
| New bank loan raised  | 6,000            | –               |
| Purchase of shares for the share award scheme                               | –                | (44)            |
| Principal portion of lease payments   | (2,853)          | (3,134)         |
| Interest paid   | (99)             | –               |
| Dividend paid   | <u>–</u>         | <u>(8,012)</u>  |
| Net cash flows from/(used in) financing activities                          | <u>3,048</u>     | <u>(11,190)</u> |
| NET DECREASE IN CASH AND CASH EQUIVALENTS                                   | <u>(22,657)</u>  | <u>(4,878)</u>  |
| Cash and cash equivalents at beginning of the period                        | <u>74,021</u>    | <u>75,397</u>   |
| CASH AND CASH EQUIVALENTS AT THE END OF<br>THE PERIOD                       | <u>51,364</u>    | <u>70,519</u>   |

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

## 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 interim financial statements for the Group have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange of Hong Kong Limited (the "GEM Listing Rules").

The condensed consolidated interim 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 2023.

This condensed consolidated interim financial information has not been audited or reviewed by the Company's external auditors, but has been reviewed by the Company's audit committee.

## 3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated interim financial information 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.

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 2023, except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRS(s)") (which include all HKFRSs, HKAS(s) and Interpretations) as below:

|  |   |
|--|---|
| HKFRS 17   | <i>Insurance Contracts</i>  |
| Amendments to HKFRS 17                                 | <i>Insurance Contracts</i>  |
| Amendment to HKFRS 17                                  | <i>Initial Application of HKFRS 17 and HKFRS 9</i><br><i>– Comparative Information</i>            |
| Amendments to HKAS 1 and<br>HKFRS Practice Statement 2 | <i>Disclosure of Accounting Policies</i>  |
| Amendments to HKAS 8                                   | <i>Definition of Accounting Estimates</i>   |
| Amendments to HKAS 12                                  | <i>Deferred Tax related to Assets and Liabilities arising</i><br><i>from a Single Transaction</i> |
| Amendments to HKAS 12                                  | <i>International Tax Reform – Pillar Two Model Rules</i>  |



These new and amendments to HKFRSs 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:

|   | <b>Six months ended</b> |               |
|---|-------------------------|---------------|
|   | <b>30 September</b>     |               |
|   | <b>2023</b>             | 2022          |
|   | <b>HK\$'000</b>         | HK\$'000      |
|   | <b>(Unaudited)</b>      | (Unaudited)   |
| Revenue from contracts with customers:                      |                         |               |
| Transportation Mission Critical System Solutions            | 5,331                   | 16,585        |
| Mobile Ticketing and Digital Payment Solutions and Services | 25,881                  | 7,615         |
| Digital Fabrication and Maintenance Services                | 12,351                  | 11,619        |
| M&E Technology Solutions and Engineering Services           | 49,488                  | 34,986        |
| Sales of Products, Parts and Components                     | 375                     | 3,887         |
|   | <u>93,426</u>           | <u>74,692</u> |

#### Segment information

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

(a) 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.

(b) 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.

(c) 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.

(d) 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.

(e) 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. OTHER INCOME AND OTHER GAINS AND LOSSES, NET**

**Other income**

|  | <b>Six months ended</b> |                    |
|--|-------------------------|--------------------|
|  | <b>30 September</b>     |                    |
|  | <b>2023</b>             | <b>2022</b>        |
|  | <b>HK\$'000</b>         | <b>HK\$'000</b>    |
|  | <b>(Unaudited)</b>      | <b>(Unaudited)</b> |
| Bank interest income                             | <b>1,449</b>            | 405                |
| Sundry income                                    | <b>211</b>              | 180                |
| Government subsidies – Employment Support Scheme | <b>–</b>                | 4,780              |
|  | <b>1,660</b>            | <b>5,365</b>       |

**Other gains and losses, net**

|   | <b>Six months ended</b> |                    |
|---|-------------------------|--------------------|
|   | <b>30 September</b>     |                    |
|   | <b>2023</b>             | <b>2022</b>        |
|   | <b>HK\$'000</b>         | <b>HK\$'000</b>    |
|   | <b>(Unaudited)</b>      | <b>(Unaudited)</b> |
| Gain on disposal of property, plant and equipment | <b>21</b>               | –                  |
| Net foreign exchange loss                         | <b>(216)</b>            | (1,694)            |
|   | <b>(195)</b>            | <b>(1,694)</b>     |

**6. FINANCE COSTS**

|                               | <b>Six months ended</b> |                    |
|-------------------------------|-------------------------|--------------------|
|                               | <b>30 September</b>     |                    |
|                               | <b>2023</b>             | <b>2022</b>        |
|                               | <b>HK\$'000</b>         | <b>HK\$'000</b>    |
|                               | <b>(Unaudited)</b>      | <b>(Unaudited)</b> |
| Interest on bank borrowing    | <b>99</b>               | –                  |
| Interest on lease liabilities | <b>218</b>              | 116                |
|                               | <b>317</b>              | <b>116</b>         |

## 7. INCOME TAX EXPENSE

|                                  | <b>Six months ended</b> |             |
|----------------------------------|-------------------------|-------------|
|                                  | <b>30 September</b>     |             |
|                                  | <b>2023</b>             | 2022        |
|                                  | <b>HK\$'000</b>         | HK\$'000    |
|                                  | <b>(Unaudited)</b>      | (Unaudited) |
| Current – Hong Kong:             |                         |             |
| Charge for the period            | <b>240</b>              | 257         |
| Deferred                         | <b>(127)</b>            | (207)       |
|                                  | <hr/>                   | <hr/>       |
| Total tax expense for the period | <b>113</b>              | 50          |
|                                  | <hr/>                   | <hr/>       |

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 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 (2022: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2022: 8.25%) and the remaining assessable profits are taxed at 16.5% (2022: 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.

## 8. DIVIDEND

The Board does not recommend the payment of any dividend for the Reporting Period (2022: Nil).

## 9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss per share amount for the Reporting Period is based on the loss for the period attributable to owners of the Company of HK\$3,248,000 (2022: loss of HK\$767,000), and the weighted average number of ordinary shares in issue less treasury shares held under share award scheme during the period of 401,295,000 (2022: 399,625,000).

In respect of the period ended 30 September 2023, no adjustment has been made to the basic loss per share amount presented in respect of a dilution as the impact of the awarded shares and share options outstanding had an anti-dilutive effect on the basic loss per share amount presented.

## 10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPEMENT

For the Reporting Period, the Group acquired property, plant and equipment with aggregate cost of HK\$736,000 (2022: HK\$1,255,000).

## 11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

As at 30 September 2023, the unlisted investments of approximately HK\$6,292,000 (unaudited) (31 March 2023: HK\$6,214,000 (audited)) were the deposits paid for life insurance products issued by financial institutions in Hong Kong. They were classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

The entire balance of the life insurance products is denominated in United States dollars.

Other than the above mentioned life insurance products, the remaining balances as at 30 September 2023 were being Hong Kong listed equity investments of approximately HK\$992,000 (unaudited) (31 March 2023: HK\$1,588,000 (audited)) and debt securities of approximately HK\$1,994,000 (unaudited) (31 March 2023: nil (audited)) traded in Hong Kong.

## 12. 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 products. The following is an ageing analysis of the trade receivables is presented based on the invoice date.

|                                  | As at  |  |
|----------------------------------|--|--|
|                                  | 30 September<br>2023<br><i>HK\$'000</i><br>(Unaudited) | 31 March<br>2023<br><i>HK\$'000</i><br>(Audited) |
| Within 30 days                   | 16,553   | 11,316   |
| 31 to 60 days                    | 11,175   | 14,240   |
| 61 to 90 days                    | 3,914  | 2,715  |
| Over 90 days                     | 7,342  | 4,897  |
|                                  | <u>38,984</u>  | <u>33,168</u>                                    |
| Less: Accumulated loss allowance | (2,132)  | (4,168)  |
| Total                            | <u>36,852</u>  | <u>29,000</u>                                    |

## 13. 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.

|                    | As at  |  |
|--------------------|--|--|
|                    | 30 September<br>2023<br><i>HK\$'000</i><br>(Unaudited) | 31 March<br>2023<br><i>HK\$'000</i><br>(Audited) |
| Trade payables:    |  |  |
| Within 30 days     | 6,128  | 5,751  |
| 31 to 60 days      | 389  | 132  |
| 61 to 90 days      | 20   | 7  |
| 91 to 365 days     | 717  | 459  |
| Over 365 days      | 78   | 354  |
|                    | <u>7,332</u>   | <u>6,703</u>                                     |
| Retention payables | 4,564  | 3,412  |
| Total              | <u>11,896</u>  | <u>10,115</u>                                    |

#### 14. PROVISION FOR CONTRACT WORKS

|                                   | As at   |   |
|-----------------------------------|---|---|
|                                   | 30 September<br>2023<br>HK\$'000<br>(Unaudited) | 31 March<br>2023<br>HK\$'000<br>(Audited) |
| At beginning of period            | 16,169  | –   |
| Additional provision              | –   | 16,169                                    |
| Amount utilised during the period | (4,223)   | –   |
|                                   | <hr/>   | <hr/>                                     |
| At end of period                  | <b>11,946</b>                                   | 16,169                                    |

The Group recognises provision for contract works when the costs of meeting the performance obligations under the revenue contracts exceed the economic benefits expected to be received. The amount of provision is estimated based on contract costs to completion. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

#### 15. BANK BORROWING

During the current period, the Group obtained new bank loan amounting to HK\$6,000,000 (six months ended 30 September 2022: Nil). The borrowing carry interest at Hong Kong Interbank Offered Rate plus 1.75% per annum and is repayable within 9 months. The proceeds were used to finance the general working capital of the Group.

In respect of above bank loan outstanding as at 30 September 2023, the Group has complied with the financial covenants set out under the borrowing agreements during the Reporting Period.

#### 16. RELATED PARTY TRANSACTIONS

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

|   | Six months ended                                |                                 |
|---|---|---------------------------------|
|   | 30 September<br>2023<br>HK\$'000<br>(Unaudited) | 2022<br>HK\$'000<br>(Unaudited) |
| Purchase of materials from Logistic Industrial Supply Company Limited<br>("Logistic Industrial") (Note 1) | 1   | 8                               |
| Rental payments<br>K M L Limited (Note 2)   | 2,868   | 2,868                           |
|   | <hr/>   | <hr/>                           |

Notes:

- (1) 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.
- (2) 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.

During the Reporting Period, the Group had outstanding contracts in hand value at approximately HK\$376.4 million (2022: approximately HK\$503.9 million).

#### **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 system.

For the Reporting Period, revenue generated from this segment amounted to approximately HK\$5.3 million (2022: approximately HK\$16.6 million). As at 30 September 2023, the total value of outstanding contracts of this segment amounted to approximately HK\$16.6 million (2022: approximately HK\$26.8 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 (i) replacement and upgrading of Automatic Fare Collection (“**AFC**”) gates and ticket issuing machines at various railway lines; and (ii) setup of ferry collection fare system.

For the Reporting Period, revenue generated from this segment amounted to approximately HK\$25.9 million (2022: approximately HK\$7.6 million). As at 30 September 2023, the total value of outstanding contracts of this segment amounted to approximately HK\$120.3 million (2022: approximately HK\$147.9 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.

For the Reporting Period, revenue generated from this segment amounted to approximately HK\$12.4 million (2022: approximately HK\$11.6 million). As at 30 September 2023, the total value of outstanding contracts of this segment amounted to approximately HK\$29.1 million (2022: approximately HK\$48.1 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; (ii) replacement of station lighting with light-emitting diode (“LED”) technology; and (iii) refurbishment and replacement of air handling unit (AHU) and primary air unit (PAU) at various railway lines.

For the Reporting Period, revenue generated from this segment amounted to approximately HK\$49.5 million (2022: approximately HK\$35.0 million). As at 30 September 2023, the total value of outstanding contracts of this segment amounted to approximately HK\$210.3 million (2022: approximately HK\$279.5 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 AFC related products, parts and components.

For the Reporting Period, revenue generated from this segment amounted to approximately HK\$0.4 million (2022: approximately HK\$3.9 million). As at 30 September 2023, the total value of outstanding contracts of this segment amounted to approximately HK\$0.1 million (2022: approximately HK\$1.6 million).

## **OUTLOOK**

As we look ahead, environmental, social and governance (“**ESG**”) awareness is on the rise in the market. In addition to our own ESG commitment e.g. consuming more green energy in daily operations, we actively support our customers in enhancing their ESG footprint. Recently, we partnered with various customers, among others, to commence the upgrade to or replacement of (i) lighting appliances to more energy efficient LED appliances; and (ii) ventilation systems.

Our commitment to supporting our customers in their ESG endeavours remains unwavering. We offer our service not only through the projects abovementioned, but also by assisting our clients in obtaining approval for works specifications from the Environmental Protection Department and/or installing chargers for electric vehicle under the Home Subsidy Scheme and other projects. We will proactively look for green loans to support our business development if capital needs arise.

We take pride in contributing to the society through providing our professional services to our customers, which are key participants in Hong Kong transportation system, such as railway and ferry piers. We believe innovation is essential for both our entity and society and we have a strong commitment to it. We actively seek partnering opportunities with different entities or institutions to integrate robotics technologies into our M&E solutions and services. This strategic initiative aims to enhance the quality of our offerings, ultimately benefiting our customers. We are also exploring opportunities to expand our presence beyond Hong Kong. Additionally, we will deploy cloud technology and artificial intelligence (AI) into programming and project execution in larger extent, which we believe can substantially enhance our operational efficiency.

Despite the steady recovery from the operational impacts experienced, we anticipate ongoing challenges and uncertainties in the Hong Kong business environment in the coming years. These challenges include a persistent talent shortage, a sharp increase in material and staff costs, inflationary pressure hikes, and stringent regulatory requirements. We acknowledge that these factors may influence project returns and potentially affect our financial performance. The increasingly tense political climate, exemplified by the conflicts in Ukraine and Israel, as well as the sanctions imposed by the United States on the People’s Republic of China (the “**PRC**”), further heighten the instability of the global business environment. Looking forward, we will remain vigilant, be dedicated to monitoring the business landscape and prioritising strategic initiatives that align with our core objectives, to ensure the generation of sustainable value for our valuable shareholders and stakeholders.

## **FINANCIAL REVIEW**

### **Revenue**

Revenue of the Group for the Reporting Period amounted to approximately HK\$93.4 million, representing an increase of approximately HK\$18.7 million or approximately 25.0% as compared with approximately HK\$74.7 million for the six months ended 30 September 2022.



## **Cost of Sales and Gross Profit**

The majority of the Group's cost of sales comprised (i) material and equipment; (ii) direct labour; and (iii) subcontracting cost. The cost of sales increased by approximately 34.3% from approximately HK\$56.8 million for the six months ended 30 September 2022 to approximately HK\$76.3 million for the Reporting Period. The gross profit of the Group decreased by approximately 4.5% from approximately HK\$17.9 million for the six months ended 30 September 2022 to approximately HK\$17.1 million for the Reporting Period. The decrease in gross profit was mainly due to (i) the surged material costs; and (ii) increase in subcontracting costs.

## **Administrative Expenses**

The Group's administrative expenses decreased from approximately HK\$21.7 million for the six months ended 30 September 2022 to approximately HK\$21.4 million for the Reporting Period.

## **Loss attributable to the owners of the Company**

The Group recorded net loss attributable to the owners of the Company of approximately HK\$3.2 million for the Reporting Period (2022: net loss of approximately HK\$0.8 million). The difference is mainly due to (i) the increase of cost of sales as discussed above; and (ii) the absence of the subsidies under the Employment Support Scheme of the Government of the Hong Kong Special Administrative Region.

## **Dividend**

The Board does not recommend a payment of an interim dividend for the Reporting Period (2022: Nil).

## **Liquidity, Financial Resources and Capital Structure**

The Group has met the liquidity and capital requirement primarily through operating cash flows, bank borrowing and equity (2022: operating cash flows and equity). The Group requires cash primarily for working capital needs.

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.

As at 30 September 2023, the Group has net current assets of approximately HK\$129.6 million (31 March 2023: approximately HK\$131.9 million).

## **Bank balances and cash**

As at 30 September 2023, the Group had approximately HK\$75.1 million in (i) bank balances and cash (including pledged bank deposits); and (ii) time deposits with original maturity over three months (as at 31 March 2023: approximately HK\$101.0 million).

## **Borrowings and Gearing Ratio**

As at 30 September 2023, the Group has HK\$6.0 million outstanding borrowing which are repayable within 9 months after draw down date (31 March 2023: Nil).

The gearing ratio, representing the proportion of total bank borrowings to total equity as at 30 September 2023 was 4.1% (31 March 2023: not applicable) which is primarily attributed to the Group's recent borrowings during the Reporting Period.

## **Capital Structure**

Other than the bank borrowing raised, 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. 7 November 2023) (the “**Date of this Announcement**”). The share capital of the Company only comprises of ordinary shares (“**Shares**”).

## **Pledge of Assets**

As at 30 September 2023, the Group has pledged (i) approximately HK\$14.1 million bank deposits (31 March 2023: approximately HK\$14.0 million); and (ii) approximately HK\$6.3 million investments in life insurance policies to secure general banking facilities granted to the Group (31 March 2023: approximately HK\$6.2 million).

## **Capital Expenditure**

The Group purchased property, plant and equipment amounting to approximately HK\$0.7 million for the Reporting Period which comprised acquisition of furniture, fixtures and office equipment (2022: approximately HK\$1.2 million).

## **Capital Commitments**

The Group did not have any capital commitment as at 30 September 2023 (31 March 2023: Nil).

## **Contingent Liabilities**

As at 30 September 2023, the Group did not have any significant contingent liabilities (31 March 2023: Nil).

## **Financial Risk Management**

Financial risk management is carried out by the Group's finance department under policies approved by the Board. The finance department identifies, evaluates and hedges financial risks in close co-operation with operating units. The Board provides guidance for overall risk management and specific areas, such as market risk, interest rate risk, credit risk and liquidity risk.

## **Foreign Exchange Exposure**

We conduct business with customers, suppliers and subcontractors located in Hong Kong, the PRC and overseas. The Group's exposure to currency risk mainly arise from the fluctuation of Renminbi, Pound Sterling, Euro or United States dollars. The Group currently does not have any hedging policy in place for its foreign exchange exposure. However, the Board will remain alert to any relevant risk and, if necessary, consider hedging any potential material foreign exchange risk.

## **Employees and Remuneration Policies**

As at 30 September 2023, the Group had a total of 191 employees (2022: 197). The total staff cost of the Group for the Reporting Period was approximately HK\$34.1 million (2022: approximately HK\$35.2 million). 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. The Group recognises the importance of a good relationship with its employees. The remuneration payable to its employees includes salaries and allowances. Other benefits include provident fund scheme, medical and life insurance, discretionary bonus, share options and share awards.

## **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 30 September 2023.

## **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.

## **SUBSEQUENT EVENT AFTER REPORTING PERIOD**

There were no subsequent events after the Reporting Period as at the Date of this Announcement.

## **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 Reporting Period, 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 Reporting Period.

### **AUDIT COMMITTEE AND REVIEW OF INTERIM 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 unaudited condensed consolidated results of the Group for the Reporting Period and the interim report. The Audit Committee is of the opinion that the unaudited condensed consolidated results of the Group for the Reporting Period comply with the applicable accounting standards and that adequate disclosure has been made.

## CHANGES TO DIRECTORS' INFORMATION

Pursuant to Rules 17.50(2) and 17.50A(1) of the GEM Listing Rules, changes in the information of Directors required to be disclosed are shown as follows:

- (1) Mr. Chan Chak Lun Philip (“**Mr. CL Chan**”) has ceased to be an executive Director, the chief executive officer and a member of the risk management committee of the Company with effect from 7 August 2023.
- (2) Mr. Yu Wing Lok Garry has ceased to be an independent non-executive Director, a member of the nomination committee and risk management committee of the Company with effect from 7 August 2023.
- (3) Mr. Luk Kwai Lung, an executive Director, was appointed as the chief executive officer of the Company with effect from 7 August 2023.

Save as disclosed above, there is no other change in the Directors' information required to be disclosed pursuant to Rules 17.50(2) and 17.50A(1) of the GEM Listing Rules.

## 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.

## SHARE SCHEMES

The Company has adopted two share schemes, namely, (1) the Share Option Scheme; and (2) the Share Award Scheme (as defined below).

The total number of Shares that may be issued in respect of options and awards granted under all share schemes of the Company during the Reporting Period divided by the weighted average number of Shares in issue for the Reporting Period was 11.32%.

### (1) 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:

- (a) 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;

- (b) 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 the adoption of the Share Option Scheme and approximately 9.9% of the total number of Shares in issued as at the Date of this Announcement;
- (c) 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;
- (d) 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;
- (e) 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;
- (f) 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
- (g) The Share Option Scheme will remain in force for a period of 10 years commencing on 16 October 2017 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 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 share options granted, 2,000,000 share options were granted to a Director, 700,000 share options were granted to a director of a subsidiary of the Company and 300,000 share options were granted to an associate to a Director.

During the Reporting Period, 9,000,000 share options have been granted. The fair value of the equity-settled share options granted under the Share Option Scheme during the Reporting Period is estimated at HK\$292,000 and is to be expensed through the Group's income statement over the two-year vesting period of the share options.

The estimated fair value of the share options was determined in accordance with the valuation performed by an independent valuer using the binomial option pricing model based on following inputs. The value of the share options is subject to certain fundamental limitations, including the subjective nature of and uncertainty relating to a number of assumptions of the expected future performance input to the model, and certain inherent limitations of the model itself. The expected volatility was determined with reference to the historical daily volatilities of the Share price of the Company. The risk free rate was determined with reference to the prevailing rates on debt securities as reference from Bloomberg L.P..

|                           |                                |
|---------------------------|--------------------------------|
| <b>Date of grant</b>      | <b>18 April 2023</b>           |
| Share price at grant date | HK\$0.166                      |
| Exercise price            | HK\$0.171                      |
| Expected volatility       | 50.35%                         |
| Expected life             | 5 years from the date of grant |
| Risk-free rate            | 3.00%                          |
| Expected dividend yield   | 13.51%                         |
| Exercise multiple         | 2.x to 3.x                     |

Details regarding the number of share options, date of grant, exercise period and exercise price of the share options granted on 2 January 2020 and 18 April 2023 are set out below:

| Name of participants   | Date of share options granted | Number of share options granted | Vesting period                   | Exercise period                  | Exercise price of share options<br><i>HK\$ per share</i> | Closing price immediately before date of grant<br><i>HK\$ per share</i> |
|--|-------------------------------|---------------------------------|----------------------------------|----------------------------------|--|---|
| Mr. CL Chan <sup>(1)</sup><br>(Former Director and former chief executive officer)                         | 2 January 2020                | 2,000,000                       | 2 January 2020 to 30 June 2021   | 1 July 2021 to 1 January 2025    | 0.259  | 0.250   |
|  | 18 April 2023                 | 500,000                         | 18 April 2023 to 17 April 2024   | 18 April 2024 to 17 April 2028   | 0.171  | 0.166   |
|  | 18 April 2023                 | 500,000                         | 18 April 2023 to 14 October 2024 | 15 October 2024 to 17 April 2028 | 0.171  | 0.166   |
| Ms. Wai Hang Ying Helen <sup>(2)</sup><br>(Former director of KML Engineering Limited (“KML Engineering”)) | 2 January 2020                | 700,000                         | 2 January 2020 to 30 June 2021   | 1 July 2021 to 1 January 2025    | 0.259  | 0.250   |

| Name of participants                                    | Date of share options granted | Number of share options granted | Vesting period                      | Exercise period                     | Exercise price of share options<br><i>HK\$ per share</i> | Closing price immediately before date of grant<br><i>HK\$ per share</i> |
|---|-------------------------------|---------------------------------|-------------------------------------|-------------------------------------|--|---|
| Ms. Woo Siu Wai<br>("Madam Woo")<br>(Company Secretary) | 2 January 2020                | 300,000                         | 2 January 2020 to<br>30 June 2021   | 1 July 2021 to<br>1 January 2025    | 0.259  | 0.250   |
|   | 18 April 2023                 | 200,000                         | 18 April 2023 to<br>17 April 2024   | 18 April 2024 to<br>17 April 2028   | 0.171  | 0.166   |
|   | 18 April 2023                 | 200,000                         | 18 April 2023 to<br>14 October 2024 | 15 October 2024 to<br>17 April 2028 | 0.171  | 0.166   |
| Employees   | 2 January 2020                | 3,500,000                       | 2 January 2020 to<br>30 June 2020   | 1 July 2020 to<br>1 January 2025    | 0.259  | 0.250   |
|   | 2 January 2020                | 3,300,000                       | 2 January 2020 to<br>1 January 2021 | 2 January 2021 to<br>1 January 2025 | 0.259  | 0.250   |
|   | 18 April 2023                 | 3,800,000                       | 18 April 2023 to<br>17 April 2024   | 18 April 2024 to<br>17 April 2028   | 0.171  | 0.166   |
|   | 18 April 2023                 | 3,800,000                       | 18 April 2023 to<br>14 October 2024 | 15 October 2024 to<br>17 April 2028 | 0.171  | 0.166   |
| Total:  |                               | <u>18,800,000</u>               |                                     |                                     |  |   |

*Notes:*

- (1) Mr. CL Chan retired as the Director and ceased to be the chief executive officer of the Company starting from 7 August 2023. He remains as a director of KML Engineering.
- (2) Ms. Wai Hang Ying Helen ("Ms. Wai") resigned as the director of KML Engineering on 29 November 2021. The share options granted to Ms. Wai were forfeited upon her departure during the year ended 31 March 2022.



The following table sets forth movements in the Options of the Company during the Reporting Period:

| Name of participants | Outstanding as at 1 April 2023 | Number of share options granted | Number of share options exercised | Number of share options cancelled | Number of share options lapsed/forfeited | Outstanding as at 30 September 2023 |
|----------------------|--------------------------------|---------------------------------|-----------------------------------|-----------------------------------|--|-------------------------------------|
| Mr. CL Chan          | 2,000,000                      | 1,000,000                       | -                                 | -                                 | -  | 3,000,000                           |
| Madam Woo            | 300,000                        | 400,000                         | -                                 | -                                 | -  | 700,000                             |
| Employees            | <u>3,700,000</u>               | <u>7,600,000</u>                | <u>-</u>                          | <u>-</u>                          | <u>(800,000)</u>                         | <u>10,500,000</u>                   |
| Total                | <u>6,000,000</u>               | <u>9,000,000</u>                | <u>-</u>                          | <u>-</u>                          | <u>(800,000)</u>                         | <u>14,200,000</u>                   |

The number of share options available for grant under the Share Option Scheme as at 1 April 2023 and 30 September 2023 was 21,000,000 options and 12,000,000 options respectively.

## (2) SHARE AWARD SCHEME

The Company adopted a share award scheme (the “**Share Award Scheme**”) on 5 November 2018 (the “**Adoption Date**”). Subject to any early termination as may be determined by the Board, the Share Award Scheme shall be valid and effective for a term of 15 years commencing on the Adoption Date. Please refer to the announcement dated 5 November 2018 for details.

On 26 August 2022, the Board has resolved to grant and issue 2,460,000 new awarded Shares to the selected employees pursuant to the general mandate granted by the Shareholders at the annual general meeting of the Company held on 5 August 2022. Please refer to the announcement dated 29 August 2022 for details. The awarded Shares granted represent approximately 0.6% of the total number of Shares in issue as at the Date of this Announcement. As at 30 September 2023, 4,475,000 awarded Shares were vested to employee.

The number of share awards available for grant under the Share Award Scheme as at 1 April 2023 and 30 September 2023 was 33,415,000 Shares and 33,415,000 Shares respectively.

Details regarding the date of grant, the vesting period, the closing prices of Shares, the fair value of awarded Shares, the movements of awarded Shares granted, vested, cancelled, lapsed or forfeited during the Reporting Period, and the number of awarded Shares unvested as at 30 September 2023 are as follows:

| Category of Participants | Date of grant  | Closing Price of the Shares immediately before the date of grant | Fair value of awarded Shares on the date of grant | Number of awarded Shares as at 1 April 2023 | Number of awarded Shares granted | Number of awarded Shares vested | Number of awarded Shares Cancelled/ Lapsed/ Forfeited | Number of awarded Shares unvested as at 30 September 2023 | Vesting Period           | Weighted average closing price of Shares immediately before the vesting date |
|--------------------------|----------------|--|---|---|----------------------------------|---------------------------------|---|---|--------------------------|--|
| Employees                | 6 July 2020    | 0.22   | 0.22  | 180,000                                     | -                                | (180,000)                       | -   | -   | 2-3 years <sup>(1)</sup> | 0.22   |
|                          | 5 July 2021    | 0.38   | 0.39  | 1,210,000                                   | -                                | (870,000)                       | -   | 340,000   | 2-3 years <sup>(2)</sup> | 0.39   |
|                          | 26 August 2022 | 0.19   | 0.20  | 2,360,000                                   | -                                | (780,000)                       | -   | 1,580,000   | 2-3 years <sup>(3)</sup> | 0.19   |
|                          | Total          |  |   | 3,750,000                                   | -                                | (1,830,000)                     | -   | 1,920,000   |                          |  |

*Notes:*

- (1) 1,750,000 Shares were granted on 6 July 2020. For 1,050,000 awarded Shares granted, the relevant vesting period is 2 years as from the date of grant. For 700,000 awarded Shares granted, the relevant vesting period is 3 years as from the date of grant.
- (2) 2,375,000 Shares were granted on 5 July 2021. For 1,525,000 awarded Shares granted, the relevant vesting period is 2 years as from the date of grant. For 850,000 awarded Shares granted, the relevant vesting period is 3 years as from the date of grant.
- (3) 2,460,000 Shares were granted on 26 August 2022. For 1,410,000 awarded Shares granted, the relevant vesting period is 2 years as from the date of grant. For 1,000,000 awarded Shares granted, the relevant vesting period is 3 years as from the date of grant. 50,000 awarded Shares have not been allotted.
- (4) Pursuant to the Share Award Scheme, share awards were granted to the grantees at nil consideration and were or will be transferred to the grantees upon vesting at nil consideration.

## **DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

At no time during the Reporting Period 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**

For the Reporting Period, 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 businesses of the Group.

## **PUBLICATION OF THE INTERIM RESULTS AND 2023 INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY**

This interim results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.kml.com.hk](http://www.kml.com.hk)), and the 2023 interim 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.

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

Hong Kong, 7 November 2023

*As at the Date of this Announcement, the executive Directors are Mr. LUK Kam Ming, Mr. LUK Kwai Lung and Mr. LUK Yin Cheung; and the independent non-executive Directors are Mr. LAU On Kwok, Mr. LAW Wing Chi Stephen and Dr. TSE Chi Kong.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the "Latest Listed Company Information" page of the Stock Exchange's website at [www.hkexnews.hk](http://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](http://www.kml.com.hk).*