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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2025

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 2025 (the “**Reporting Year**”) amounted to approximately Hong Kong dollars (“**HK\$**”) 196.1 million (2024: approximately HK\$194.1 million).

Gross profit of the Group for the Reporting Year amounted to approximately HK\$39.1 million (2024: approximately HK\$29.9 million).

The net profit of the Group for the Reporting Year amounted to approximately HK\$0.1 million (2024: net loss of approximately HK\$13.8 million).

The Board does not recommend the payment of a final dividend for the Reporting Year (2024: nil).

FINANCIAL RESULTS

The board of Directors (the “**Board**”) of the Company is pleased to announce the consolidated results of the Group for the Reporting Year, together with the comparative figures for the year ended 31 March 2024 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2025

	Notes	2025 HK\$'000	2024 HK\$'000
REVENUE	3	196,105	194,111
Cost of sales		<u>(156,970)</u>	<u>(164,176)</u>
Gross profit		39,135	29,935
Other income		2,806	3,729
Other gains and losses, net		(21)	(375)
(Impairment losses)/reversal of impairment losses on financial assets and contract assets, net		(33)	50
Administrative expenses		(41,295)	(46,473)
Finance costs	4	<u>(483)</u>	<u>(810)</u>
PROFIT/(LOSS) BEFORE TAX	5	109	(13,944)
Income tax (expense)/credit	6	<u>(12)</u>	<u>151</u>
PROFIT/(LOSS) FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		<u>97</u>	<u>(13,793)</u>
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic		<u>HK0.02 cents</u>	<u>HK(3.43) cents</u>
Diluted		<u>HK0.02 cents</u>	<u>HK(3.43) cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2025

	Notes	2025 HK\$'000	2024 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		2,402	3,943
Right-of-use assets		6,085	3,201
Deposits	10	1,713	959
Financial assets at fair value through profit or loss		6,599	6,382
Deferred tax assets		–	56
Total non-current assets		16,799	14,541
CURRENT ASSETS			
Inventories		415	146
Trade receivables	9	40,414	38,640
Other receivables, deposits and prepayments	10	3,727	5,999
Contract assets		72,894	69,010
Financial assets at fair value through profit or loss		675	2,925
Tax recoverable		–	1,931
Pledged bank deposits		24,912	24,664
Time deposits with original maturity over three months		304	–
Bank balances and cash		35,168	45,569
Total current assets		178,509	188,884
CURRENT LIABILITIES			
Trade and retention payables	11	17,533	12,146
Other payables and accruals		10,871	11,537
Bank borrowings	12	–	15,000
Lease liabilities		6,027	3,156
Contract liabilities		19,568	15,881
Provision for contract works	13	4,669	9,237
Tax payable		52	–
Total current liabilities		58,720	66,957
NET CURRENT ASSETS		119,789	121,927
TOTAL ASSETS LESS CURRENT LIABILITIES		136,588	136,468

	<i>Note</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
NON-CURRENT LIABILITIES			
Lease liabilities		163	168
Deferred tax liabilities		14	–
		<hr/>	<hr/>
Total non-current liabilities		177	168
		<hr/>	<hr/>
Net assets		136,411	136,300
		<hr/>	<hr/>
EQUITY			
Share capital	<i>14</i>	4,050	4,050
Reserves		132,361	132,250
		<hr/>	<hr/>
Total equity		136,411	136,300
		<hr/>	<hr/>

NOTES TO THE FINANCIAL INFORMATION

For the year ended 31 March 2025

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

These financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards (“**HKFRSs**”), Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have 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. These financial statements are 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 AND DISCLOSURES

The Group has adopted the following revised HKFRS Accounting Standards for the first time for the current year’s financial statements.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the “2020 Amendments”)
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i> (the “2022 Amendments”)
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The nature and the impact of the revised HKFRS Accounting Standards are described below:

- (a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 April 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

3. REVENUE AND SEGMENTAL INFORMATION

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

	2025 HK\$'000	2024 HK\$'000
Revenue from contracts with customers		
Transportation Mission Critical System Solutions	18,291	10,514
Mobile Ticketing and Digital Payment Solutions and Services	44,436	54,662
M&E Technology Solutions and Engineering Services	100,856	102,750
Digital Fabrication and Maintenance Services	30,320	25,168
Sales of Products, Parts and Components	2,202	1,017
	196,105	194,111

(a) **Disaggregated revenue information**

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
By timing of revenue recognition:		
Transferred at a point in time	2,202	1,017
Transferred over time	<u>193,903</u>	<u>193,094</u>
Total revenue from contracts with customers	<u>196,105</u>	<u>194,111</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 year are as follows:

2025

	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	29,078	45,950	75,440	24,571	322
More than one year	<u>2,712</u>	<u>47,783</u>	<u>40,248</u>	<u>41,785</u>	<u>–</u>
	<u>31,790</u>	<u>93,733</u>	<u>115,688</u>	<u>66,356</u>	<u>322</u>

2024

	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	24,897	39,697	131,365	14,154	1,125
More than one year	<u>8,058</u>	<u>60,546</u>	<u>55,928</u>	<u>6,253</u>	<u>3</u>
	<u>32,955</u>	<u>100,243</u>	<u>187,293</u>	<u>20,407</u>	<u>1,128</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	
	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>	2025 <i>HK\$'000</i> (note)	2024 <i>HK\$'000</i> (note)
Hong Kong	195,031	193,331	8,487	7,144
Taiwan	54	19	–	–
Others	1,020	761	–	–
	<u>196,105</u>	<u>194,111</u>	<u>8,487</u>	<u>7,144</u>

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

4. FINANCE COSTS

An analysis of finance costs is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Interest on bank borrowings	197	459
Interest on lease liabilities	<u>286</u>	<u>351</u>
Total	<u>483</u>	<u>810</u>

5. PROFIT/(LOSS) BEFORE TAX

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Cost of sales		
– Transportation Mission Critical System Solutions, Mobile Ticketing and Digital Payment Solutions and Services, and M&E Technology Solutions and Engineering Services	141,950	148,610
– Others	15,020	15,566
Depreciation of property, plant and equipment	1,484	2,092
Depreciation of right-of-use assets	5,937	5,953
Auditor's remuneration	1,390	1,390
Directors' remuneration	3,745	3,858
Employee benefit expenses (excluding directors' and chief executive's remuneration):		
Salaries and other benefits*	65,409	68,464
Retirement benefit scheme contributions	2,730	2,786
Equity-settled share-based payment expenses	123	440
Total employee benefit expenses	68,262	71,690
Lease payments not included in the measurement of lease liabilities	74	156

* For the year ended 31 March 2025, HK\$47,910,000 (2024: HK\$46,803,000) of salaries and other benefits is included in "Cost of sales" in the consolidated statement of profit or loss and other comprehensive income.

6. INCOME TAX

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Current – Hong Kong		
Charge for the year	12	–
Overprovision in prior years	(70)	–
Deferred	70	(151)
	<hr/>	<hr/>
Total tax expense/(credit) for the year	12	(151)

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year ended 31 March 2025, 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 of assessable profits of this subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year ended 31 March 2024.

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

No dividend was paid or declared by any group entity for the years ended 31 March 2025 and 2024 nor has any dividend proposed since the end of the reporting year.

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

The calculation of the basic earnings/(loss) per share is based on the profit of HK\$97,000 (2024: loss of HK\$13,793,000) for the year attributable to owners of the Company, and the weighted average number of ordinary shares outstanding less treasury shares held under share award scheme during the year of 402,824,000 (2024: 401,893,000).

In respect of the year ended 31 March 2025, the calculation of the diluted earnings per share amount for the year is 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 earning per share calculation, and the weighted average number of 385,000 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. The computation of diluted earnings per share for the year ended 31 March 2025 does not assume the exercise of the Company's share options because the exercise price of those options was higher than the average market price for shares of the current year.

In respect of the year ended 31 March 2024, no adjustment has been made to the basic loss per share amounts 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 amounts presented.

	2025 HK\$'000	2024 HK\$'000
Earnings/(loss)		
Profit/(loss) for the year attributable to ordinary equity holders of the Company, used in the basic earnings/(loss) per share calculation	<u>97</u>	<u>(13,793)</u>
	Number of shares	
	2025 '000	2024 '000
Shares		
Weighted average number of ordinary shares outstanding less treasury shares held under the share award scheme during the year used in the basic earnings/(loss) per share calculation	402,824	401,893
Effect of dilution – weighted average number of ordinary shares		
Share awards	<u>385</u>	<u>–</u>
	<u>403,209</u>	<u>401,893</u>

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 year:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Within 30 days	25,864	14,221
31 to 60 days	10,931	17,065
61 to 90 days	3,511	6,101
Over 90 days	<u>168</u>	<u>1,284</u>
	40,474	38,671
Less: Accumulated loss allowance	<u>(60)</u>	<u>(31)</u>
Total	<u>40,414</u>	<u>38,640</u>

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Non-current:		
Deposits	1,713	959
Current:		
Advances to suppliers	2,026	4,854
Prepayments	825	639
Interest receivables	475	364
Others	<u>401</u>	<u>142</u>
Subtotal	<u>3,727</u>	<u>5,999</u>
Total	<u>5,440</u>	<u>6,958</u>

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 year:

	<i>Notes</i>	2025 HK\$'000	2024 HK\$'000
Trade payables:	(a)		
Within 30 days		8,055	6,059
31 to 60 days		3,329	192
61 to 90 days		183	47
91 to 365 days		255	11
Over 365 days		156	335
		<hr/>	<hr/>
		11,978	6,644
Retention payables	(b)	5,555	5,502
		<hr/>	<hr/>
Total trade and retention payables		17,533	12,146
		<hr/>	<hr/>

Notes:

- (a) As at 31 March 2025, trade payables of HK\$43,000 were denominated in Renminbi and HK\$4,000 were denominated in United States dollar. As at 31 March 2024, trade payables of HK\$14,000 were denominated in Euro.
- (b) 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. BANK BORROWINGS

As at 31 March 2025, the Group has nil (2024: HK\$15,000,000) outstanding bank borrowings. As at 31 March 2024, the bank borrowings borne interests of 6.45%-7.42% per annum and repayable within one year, and were denominated in HK\$ and secured by pledged deposits of HK\$14,080,000 and deposits paid for life insurance products of HK\$5,916,000.

13. PROVISION FOR CONTRACT WORKS

	2025 HK\$'000	2024 HK\$'000
At beginning of year	9,237	16,169
Amount utilised during the year	<u>(4,568)</u>	<u>(6,932)</u>
At end of year	<u>4,669</u>	<u>9,237</u>

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.

14. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 31 March 2025 and 2024	<u>3,800,000</u>	<u>38,000</u>
Issued and fully paid:		
At 31 March 2025	<u>404,960</u>	<u>4,050</u>
At 31 March 2024	<u>404,960</u>	<u>4,050</u>

15. COMMITMENTS

The Group had no material capital commitments as at 31 March 2025 (2024: nil).

16. RELATED PARTY TRANSACTIONS

The Group had the following transactions with related parties during the year ended 31 March 2025:

	Notes	2025 HK\$'000	2024 HK\$'000
Purchase of materials from Logistic Industrial Supply Company Limited (“ Logistic Industrial ”)	(a)	–	97
Rental payments K M L Limited	(b)	5,735	5,735

Notes:

(a) Logistic Industrial is a company over which Ms. Leung Kwok Yee (“**Madam Leung**”), the spouse of Mr. Luk Kam Ming (“**Mr. KM Luk**”) has 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.

17. SHARE OPTION SCHEME

The Group recognised a share option expense of HK\$53,000 (2024: HK\$202,000) during the year ended 31 March 2025. During the year ended 31 March 2025, 1,000,000 (2024: 2,800,000) share options were forfeited due to the resignation of certain employees of the Group and 5,300,000 (2024: nil) share options were lapsed due to expiry, resulting in the transfer of the corresponding share-based payment reserve of HK\$684,000 (2024: HK\$43,000) to accumulated profits.

At at 31 March 2025, the Company had 5,900,000 (2024: 12,200,000) 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 5,900,000 (2024: 12,200,000) additional ordinary shares of the Company and additional share capital of HK\$59,000 (2024: HK\$122,000) and share premium of HK\$950,000 (2024: HK\$2,633,000) (before issue expenses).

At the date of approval of these financial statements, the Company had 5,900,000 share options outstanding under the share option scheme, which represented approximately 1.5% of the Company’s shares in issue as at that date; and the total number of shares available for further issuance pursuant to the share option scheme was 12,000,000 shares, representing approximately 3.0% of the Company’s shares in issue as at that date.

18. SHARE AWARD SCHEME

Equity-settled share award arrangement expense of HK\$73,000 was recognised during the year ended 31 March 2025 (2024: HK\$247,000).

The fair value of share awards granted during the year was estimated as at the date of grant by reference to the closing price per share as stated in the daily quotation sheets issued by the Stock Exchange, taking into account all non-vesting conditions associated with the grants. The expected dividends during the vesting period were taken into account in the measurement of fair value.

During the year ended 31 March 2025, 1,310,000 shares were vested to eligible participants under the share award scheme (2024: 1,830,000).

225,000 awarded shares were forfeited during the year ended 31 March 2024 due to the resignation of certain employees of the Group. The awarded shares were forfeited during the year ended 31 March 2024, resulting in the transfer of the corresponding share-based payment reserve of HK\$53,000 to accumulated profits.

At the date of approval of these financial statements, the Company had 2,075,000 shares held under the share award scheme, which represented approximately 0.5% of the Company's shares in issue as at that date.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

During the Reporting Year, approximately HK\$196.1 million (2024: approximately HK\$194.1 million) revenue was generated, representing a mild growth of approximately HK\$2.0 million or approximately 1.0%.

The gross profit for the Reporting Year was approximately HK\$39.1 million (2024: approximately HK\$29.9 million). The increase in gross profit was mainly attributed to (i) several projects with relatively high profit margin progressing well during the year; and (ii) lower-than-expected actual costs incurred for a project during its defect liability period.

The Group's outstanding contracts-in-hand was approximately HK\$307.9 million as at 31 March 2025 (2024: approximately HK\$342.0 million).

Transportation Mission Critical System Solutions

This type of works in relation to the railway signalling, communication and control system and point operating equipment.

During the Reporting Year, revenue generated from this segment amounted to approximately HK\$18.3 million (2024: approximately HK\$10.5 million). The increase of approximately 74.3% is mainly due to the improvement in the progress of the projects on hand during the Reporting Year.

Mobile Ticketing and Digital Payment Solutions and Services

These services offer mobile ticketing and digital payment solutions and services to different sectors in Hong Kong and overseas.

During the Reporting Year, revenue generated from this segment amounted to approximately HK\$44.4 million (2024: approximately HK\$54.7 million). The decrease of approximately 18.8% was mainly due to the higher completion percentage of projects in relation to installation of automatic fare collection (“AFC”) systems in 2024.

Digital Fabrication and Maintenance Services

These services primarily provide computerised and advanced maintenance support services for various systems such as AFC system and trackside signalling system, terminals, and equipment. This includes part/component replacement, equipment upgrades and improvements, hardware and software upgrade/replacement services, testing, and routine preventive, corrective, and workshop maintenance services.

During the Reporting Year, revenue generated from the provision of these services amounted to approximately HK\$30.3 million (2024: approximately HK\$25.2 million). The increase of approximately 20.2% mainly due to the increase in the number of projects during the Reporting Year.

M&E Technology Solutions and Engineering Services

Mechanical and Electrical (“M&E”) Technology Solutions and Engineering Services 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 Year, revenue generated from this segment remained stable compared to last year amounted to approximately HK\$100.9 million (2024: approximately HK\$102.8 million).

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 Year, revenue generated from this segment amounted to approximately HK\$2.2 million (2024: approximately HK\$1.0 million).

Environmental, Social and Governance

The Group continues its commitment to sustainable growth, we have deeply integrated the environmental, social, and governance (“ESG”) principles into our corporate strategy, operations, and culture. This holistic approach has strengthened stakeholder trust, enhanced operational resilience, and earned external recognition for our ESG practices. We are delighted to share key milestones and initiatives during the Reporting Year.

Regarding our governance and organisational culture, we have (i) achieved the “Gold Tier” under the inaugural Cyber Security Staff Awareness Recognition Scheme, in which our efforts in embedding cybersecurity awareness and contributing to the critical importance of digital resilience, were validated; and (ii) been honoured with the ESG Culture Award 2024, a testament to our success in promoting and embedding ESG across all levels of the organisation.

Concerning our environmental stewardship, social responsibility, and community engagement, we have (i) been honoured with the “Excellence Organization” designation under the Heart Caring Organization Award, reflecting our steadfast dedication to employee well-being and community welfare; (ii) actively supported and participated in the “Green and Recycle, Charity Programme for the Community”, empowering our employees, our business partners and their families to make tangible social and environmental impacts; and (iii) continued to participate the business-school partnership programme and organise internship programme, grooming younger generations for a sustainable workforce for the society. For more details, please refer to our ESG report.

OUTLOOK

While the shortage of talent and rising manpower costs in Hong Kong have presented significant challenges to the Group’s business, the recent economic downturn and the slowdown in infrastructure construction and property development may temporarily ease these pressures.

To address the long-term challenges, we have proactively collaborated with educational institutions to develop a pipeline of emerging talent, ensuring a steady flow of skilled professionals for the future.

We are committed to enhancing our operational excellence by integrating advanced technologies such as robotics, artificial intelligence (“AI”) equipment for surveying and drawing, smart site safety systems, and virtual reality training systems. By leveraging these technologies, our team can enhance their skillsets and provide better service to our clients, ultimately creating more shareholder value. The ability to adopt and respond to AI advancements will be a crucial factor in the success of most companies. We are committed not only to recruiting new talent but also to upgrading our existing workforce by providing comprehensive training for the AI era. We have developed several AI applications for our automatic fare collections system, and which will be gradually offered to our customers in the coming months.

We are collaborating closely with several vendors in China, leveraging their smart manufacturing technologies and the mature transportation infrastructure in the Greater Bay Area. This initiative will continue in the future to enhance our responsiveness to client needs without compromising the quality of our work.

We foresee stable demand for M&E engineering services in the transportation industry over the next few years, driven by the construction of new railways and the replacement or upgrade of existing ones. Despite keen competition, we are confident in our ability to not only defend our position but also diversify our business scope.

Looking ahead, while our business is primarily based in Hong Kong, we are eager to expand our footprint to other areas, focusing on Mobile Ticketing and Digital Payment Solutions and Services. We aim to diversify our market base, enhance brand recognition, and foster robust business growth in regions such as the Greater Bay Area of China, Taiwan, and other Southeast Asian countries.

FINANCIAL REVIEW

Revenue

Revenue of the Group for the Reporting Year amounted to approximately HK\$196.1 million, representing a mild increase of approximately HK\$2.0 million or approximately 1.0% as compared with approximately HK\$194.1 million for the year ended 31 March 2024.

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 4.4% from approximately HK\$164.2 million for the year ended 31 March 2024 to approximately HK\$157.0 million for the Reporting Year.

The gross profit for the Reporting Year was approximately HK\$39.1 million (2024: approximately HK\$29.9 million). The increase in gross profit was mainly attributed to (i) several projects with relatively high profit margin progressing well during the year; and (ii) lower-than-expected actual costs incurred for a project during its defect liability period.

Impairment loss on financial assets and contract assets

During the Reporting Year, the Group recognised approximately HK\$33,000 impairment loss (2024: reversal of impairment loss of approximately HK\$50,000). No credit-impaired and uncollectible receivables are identified during the Reporting Year and prior year.

Administrative Expenses

The Group's administrative expenses decreased by approximately 11.2% from approximately HK\$46.5 million for the year ended 31 March 2024 to approximately HK\$41.3 million for the Reporting Year. Such decrease was mainly due to a decrease of staff cost, with lower legal and professional fees incurred and reduced depreciation charges on property, plant, and equipment.

Profit attributable to the owners of the Company

The Group recorded net profit attributable to the owners of the Company of approximately HK\$0.1 million for the Reporting Year (2024: net loss of approximately HK\$13.8 million). The turnaround was primarily due to the relatively high profit margins generated from projects, as explained in the "Cost of Sales and Gross Profit" section, and the reduction in administrative expenses, partially offset by the decrease in bank interest income.

Borrowings and Gearing Ratio

As at 31 March 2025, the Group has nil outstanding borrowings (2024: HK\$15.0 million). The gearing ratio, representing the proportion of total bank borrowings to total equity as at 31 March 2025 was nil (2024: 11.0%) which is primarily attributed to full settlement of borrowings during the Reporting Year.

Liquidity, Financial Resources and Capital Structure

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

The Group requires cash primarily for working capital needs. As at 31 March 2025, the Group had approximately HK\$60.4 million in (i) bank balances and cash; (ii) pledged bank deposits; and (iii) time deposits with original maturity over three months (2024: approximately HK\$70.2 million), representing a decrease of approximately HK\$9.8 million as compared to that as at 31 March 2024.

Other than the repayment of bank borrowings, there has been no change on the capital structure of the Group for the Reporting Year and up to the date of this announcement (the “**Date of this Announcement**”). The share capital of the Company only comprises of ordinary shares.

As at 31 March 2025, the issued share capital of the Company was HK\$4,049,600 divided into 404,960,000 shares (“**Shares**”) of HK\$0.01 each.

Capital Expenditure

The Group purchased property, plant and equipment amounting to approximately HK\$0.3 million for the Reporting Year which comprised acquisition of furniture, fixtures and office equipment (2024: approximately HK\$1.2 million).

Final Dividend

The Board does not recommend the payment of a final dividend for the Reporting Year (2024: nil).

Closure of Register of Members

The register of members of the Company will be closed from Thursday, 31 July 2025 to Tuesday, 5 August 2025, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend the annual general meeting (“**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 Tuesday, 5 August 2025, all transfers of Shares, accompanied by the relevant share certificates and transfer forms, must be lodged for registration with Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Wednesday, 30 July 2025.

Employees and Remuneration Policies

As at 31 March 2025, the Group employed 169 employees (2024: 179 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.

FOREIGN EXCHANGE EXPOSURE

We conducted business with customers, suppliers and subcontractors located in Hong Kong, China and overseas. The Group's exposure to the currency risk mainly arises 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 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 Year. 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.

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 or did not have any future plans for material investments or capital assets as at 31 March 2025.

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 Year.

PLEDGES OF ASSETS

As at 31 March 2025, 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 2025 (2024: nil).

CONTINGENT LIABILITIES

As at 31 March 2025, the Group did not have any significant contingent liabilities (2024: nil).

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 and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the GEM Listing Rules as its own code of corporate governance. During the Reporting Year, 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. Having made specific enquiries of all the Directors, each of the Directors has confirmed that he/she has complied with the required standard of dealings for the Reporting Year.

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 had reviewed the financial reporting process, risk management and internal control system of the Group and the Group’s consolidated financial statements for the year ended 31 March 2025.

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 Year 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

During the Reporting Year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this announcement, at no time during the Reporting Year 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 Year 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 YEAR

Up to the Date of this Announcement, there were no subsequent events after the Reporting Year.

PUBLICATION OF THE ANNUAL RESULTS AND 2024/2025 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 2024/2025 annual report containing all the information required by the GEM Listing Rules will be dispatched (if applicable) 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, 26 June 2025

As at the Date of this Announcement, the executive Directors are Mr. LUK Kam Ming, Mr. LUK Kwai Lung, Mr. LUK Yin Cheung and Ms. LEE Kam Han; 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.