M&L HOLDINGS GROUP LIMITED
明樑控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8152)

ANNOUNCEMENT OF THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, 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.

The board of Directors (the "Board") of the Company is pleased to announce the audited annual results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2017, together with the comparative figures for the year ended 31 December 2016, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Note	2017 HK$'000	2016 HK$'000
Revenue	3	**161,626**	247,348
Cost of sales	4	**(116,534)**	(174,078)
Gross profit		**45,092**	73,270
Other income		**517**	367
Other (losses)/gains, net		**(233)**	1,070
Selling expenses	4	**(6,104)**	(7,274)
Administrative expenses	4		
– Legal and professional fee for listing preparation		**(11,498)**	(3,605)
– Others		**(33,743)**	(36,000)
Operating (loss)/profit		**(5,969)**	27,828
Finance income		**39**	14
Finance costs		**(761)**	(814)
(Loss)/profit before income tax		**(6,691)**	27,028
Income tax expense	5	**(1,805)**	(4,972)
(Loss)/profit for the year		**(8,496)**	22,056
Other comprehensive income/(loss)			
Item that may be reclassified to profit or loss:			
Currency translation differences		**1,227**	(401)
Total comprehensive (loss)/income		**(7,269)**	21,655
(Loss)/profit for the year attributable to:			
Equity holders of the Company		**(8,645)**	21,150
Non-controlling interests		**149**	906
		(8,496)	22,056
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company		**(7,422)**	20,749
Non-controlling interests		**153**	906
		(7,269)	21,655
(Loss)/earnings per share			
– Basic and diluted (expressed in HK cents per share)	6	**(1.67)**	4.72

CONSOLIDATED BALANCE SHEET

As at 31 December 2017

	Note	**2017**	2016
		HK$'000	*HK$'000*
ASSETS			
Non-current assets			
Prepaid land premium		**5,566**	5,195
Property, plant and equipment		**11,346**	10,474
Deposits		**1,716**	288
Deferred income tax assets		**102**	40
		18,730	15,997
Current assets			
Inventories		**24,642**	29,586
Trade and other receivables	*7*	**74,275**	75,444
Tax recoverable		**4,066**	2,054
Pledged bank deposits		**2,536**	2,532
Cash and cash equivalents		**70,101**	44,357
		175,620	153,973
Assets held for sale	*8*	**–**	6,690
		175,620	160,663
Total assets		**194,350**	176,660
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	*9*	**6,000**	–
Reserves		**117,038**	88,628
		123,038	88,628
Non-controlling interests		**1,540**	2,857
Total equity		**124,578**	91,485

	Note	**2017**	2016
		HK$'000	*HK$'000*
LIABILITIES			
Non-current liabilities			
Finance lease liabilities		**4,592**	59
Deferred income tax liabilities		**1,161**	859
Other provision		**167**	479
		5,920	1,397
Current liabilities			
Trade and other payables	*10*	**37,689**	50,622
Dividend payable		**7,980**	6,510
Amounts due to directors		**1,663**	5,685
Bank borrowings		**14,000**	20,000
Finance lease liabilities		**1,666**	113
Current income tax liabilities		**854**	848
		63,852	83,778
Total liabilities		**69,772**	85,175
Total equity and liabilities		**194,350**	176,660

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

1 GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION

M&L Holdings Group Limited (the "Company") was incorporated in the Cayman Islands on 24 September 2015 as an exempted company with limited liability under the Companies Law (as revised) of the Cayman Islands. The address of the Company's registered office is PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The Company is an investment holding company and its subsidiaries are principally engaged in trading and lease of construction machinery and spare parts.

Pursuant to the group reorganisation as set out in the section headed "History and Corporate Structure" in the Company's listing prospectus dated 30 June 2017 (the "Prospectus"), which was completed on 26 January 2016 (the "Reorganisation"), the Company became the holding company of its subsidiaries now comprising the Group. The shares of the Company were listed on GEM of The Stock Exchange of Hong Kong Limited on 21 July 2017 (the "Listing Date").

The consolidated financial statements of the Group has been prepared as if the Group had always been in existence throughout both years presented, or since the respective dates of incorporation or establishment of the group companies, rather than from the date when the Company became the holding company pursuant to the Reorganisation.

The consolidated financial statements is presented in Hong Kong dollars ("HK$") unless otherwise stated.

2 BASIS OF PREPARATION

The consolidated financial statements has been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"). The consolidated financial statements has been prepared under the historical cost convention, as modified by the revaluation of investment properties and assets held for sale, which are carried at fair values.

The preparation of consolidated financial statement in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(i) Adoption of amendments to standards and improvement

The Group has adopted the following improvements, new and amendments to existing standards which is relevant to the Group's operations and are mandatory for accounting periods beginning on or after 1 January 2017:

HKAS 7 (Amendment)	Disclosure Initiative
HKAS 12 (Amendment)	Recognition of Deferred Tax Assets for Unrealised Losses
HKFRS 12 (Amendment)	Annual Improvement 2014-2016 cycle

The adoption of the above amendments to standards and improvement did not have any significant financial impact on these consolidated financial statements. The amendments to HKAS 7 require disclosure of changes in liabilities arising from financing activities.

(ii) New standards, interpretations and amendments to standards which are not yet effective

The following are new standards, interpretations and amendments to standards that have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2018 or later periods, but have not been early adopted by the Group:

		Effective for accounting period beginning on or after
HKAS 28 (Amendment)	Investments in Associates and Joint Ventures	1 January 2018
HKAS 40 (Amendment)	Transfers of Investment Property	1 January 2018
HKFRS 1 (Amendment)	First-time Adoption of Hong Kong Financial Reporting Standards	1 January 2018
HKFRS 2 (Amendment)	Classification and Measurement of Share Based Payment Transactions	1 January 2018
HKFRS 4 (Amendment)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts	1 January 2018
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 9 (Amendment)	Prepayment Features with Negative Compensation	1 January 2019
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 15 (Amendment)	Clarifications to HKFRS 15	1 January 2018
HKFRS 16	Leases	1 January 2019
HKFRS 17	Insurance Contracts	1 January 2021
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments	1 January 2019

The Group will apply the above new standards, interpretations and amendments to standards when they become effective. The Group has commenced an assessment of the expected impact of the HKFRS 9, HKFRS 15 and HKFRS 16 as set out below. None of the above standards, interpretation, and amendments to standards is expected to have a significant effect on the consolidated financial statements of the Group.

HKFRS 9

HKFRS 9 "Financial instrument" addresses the classification, measurement and recognition of financial assets and liabilities. It replaces the guidance in HKAS 39 that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under HKAS 39.

It is not practicable to provide a reasonable estimate of the effect until the Group performs a detailed review. Other than the adoption of an expected credit losses impairment model and disclosure changes, adoption of HKFRS 9 is currently not expected to have a material impact on the consolidated financial statements of the Group.

HKFRS 15

HKFRS 15 "Revenue from contracts with customers" replaces the previous revenue standards HKAS 18 "Revenue" and HKAS 11 "Construction Contracts" and the related interpretations on revenue recognition. Under HKFRS 15, an entity normally recognises revenue when a performance obligation is satisfied. Impact on the revenue recognition may arise when multiple performance obligations are identified. The Group has assessed the impact of the adoption of HKFRS 15 and does not expect the adoption would have a material impact other than presenting more disclosures.

HKFRS 16

HKFRS 16 "Leases" addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statement about the leasing activities of both lessees and lessors. The Group is a lessee of various properties which are currently classified as operating leases. HKFRS 16 provides new provisions for the accounting treatment of leases and will no longer allow lessees to recognise certain leases outside the consolidated balance sheet in the future. Instead, when the Group is the lessee, almost all leases must be recognised in the form of an asset (for the right-of-use) and a financial liability (for the payment obligation). The new standard will therefore result in an increase in assets and financial liabilities in the consolidated balance sheet to the Group upon initial adoption. As for the financial impact in the consolidated statement of comprehensive income, straight-line depreciation expense on the right-of-use asset and the interest expenses on the lease liability are recognised and no rental expenses will be recognised. The combination of the straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to the consolidated statement of comprehensive income in the initial years of the lease, and decreasing expenses during the latter part of the lease term. The Group has assessed the impact of the adoption of HKFRS 16 and does not expect the adoption would have a material impact on the Group's financial results and position.

3 REVENUE AND SEGMENT INFORMATION

	Year ended 31 December	
	2017	2016
	HK$'000	*HK$'000*
Sales of goods	**158,071**	237,012
Repair and maintenance services income	**3,287**	9,889
Machinery rental income	**268**	447
	161,626	247,348

The executive directors considered the nature of the Group's business and determined that the Group has two reportable operating segments as follows:

(i) Tunnelling – Supply of specialised cutting tools and parts for construction equipment

(ii) Foundation – Supply of fabricated construction steel works and equipment

The executive directors assess the performance of the operating segments based on revenue and gross profit margin of each segment. As the Group's resources are integrated and there are no discrete operating segment assets and liabilities for the tunnelling and foundation business segments reported to the chief operating decision maker, accordingly, no operating segment assets and liabilities are presented.

Segment revenue reported represents revenue generated from external customers. There were no inter-segment sales during the year ended 31 December 2017 (2016: Nil). The accounting policies of the reportable segments are the same as the Group's accounting policies.

(a) The segment information provided to the executive directors for the reportable segments for the year ended 31 December 2017 is as follows:

	Tunnelling	**Foundation**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Segment revenue (all from external customers)	**144,652**	**16,974**	**161,626**
Cost of sales	**(102,469)**	**(14,065)**	**(116,534)**
Segment results	**42,183**	**2,909**	**45,092**
Gross profit %	**29.16%**	**17.14%**	**27.90%**
Other income			**517**
Other losses			**(233)**
Selling expenses			**(6,104)**
Administrative expenses			**(45,241)**
Operating loss			**(5,969)**
Finance income			**39**
Finance costs			**(761)**
Loss before income tax			**(6,691)**
Income tax expense			**(1,805)**
Loss for the year			**(8,496)**

(b) The segment information provided to the executive directors for the reportable segments for the year ended 31 December 2016 is as follows:

	Tunnelling	Foundation	Total
	HK$'000	*HK$'000*	*HK$'000*
Segment revenue (all from external customers)	233,457	13,891	247,348
Cost of sales	(163,939)	(10,139)	(174,078)
Segment results	69,518	3,752	73,270
Gross profit %	29.78%	27.01%	29.62%
Other income			367
Other gains			1,070
Selling expenses			(7,274)
Administrative expenses			(39,605)
Operating profit			27,828
Finance income			14
Finance costs			(814)
Profit before income tax			27,028
Income tax expense			(4,972)
Profit for the year			22,056

(c) Revenue from external customers by customer location are as follows:

	Year ended 31 December	
	2017	2016
	HK$'000	*HK$'000*
Hong Kong	**42,236**	82,334
The PRC	**89,321**	109,890
Singapore	**25,921**	55,124
Malaysia	**4,148**	–
	161,626	247,348

(d) The total amounts of non-current assets, other than financial instruments and deferred income tax assets of the Group as at 31 December 2017 are located in the following regions:

	As at 31 December	
	2017	2016
	HK$'000	*HK$'000*
Hong Kong	**8,270**	7,581
The PRC	**254**	7
Singapore	**8,388**	8,081
	16,912	15,669

(e) Certain customers contributed more than 10% of the total sales of the Group during the year ended 31 December 2017. The amount of sales to these customers are disclosed as follows:

	Year ended 31 December	
	2017	2016
	HK$'000	*HK$'000*
Customer A	**49,101**	75,818
Customer B	**26,597**	20,871
Customer C	**24,644**	69,988

4 EXPENSES BY NATURE

	Year ended 31 December	
	2017	2016
	HK$'000	*HK$'000*
Cost of inventories sold	**116,194**	172,193
Employee benefit expenses	**21,834**	21,059
Depreciation	**1,401**	877
Amortisation	**102**	101
Machine rental expenses	**–**	350
Freight charge	**2,815**	4,241
Legal and professional fee for listing preparation	**11,498**	3,605
Auditors' remuneration		
– Audit services	**1,260**	268
– Non-audit services	**143**	40
Operating lease charges on land and buildings	**3,368**	2,537
Exchange (gains)/losses	**(3,863)**	2,533
Provision for impairment of trade receivables	**2,005**	3,893
Entertainment expenses	**1,924**	1,664
Travelling expense	**1,781**	1,372
Motor vehicle expenses	**930**	1,044
Others	**6,487**	5,180
Total cost of sales, selling expenses and administrative expenses	**167,879**	220,957

5 INCOME TAX EXPENSE

The Group is not subject to taxation in the Cayman Islands and British Virgin Islands. Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profit for the year ended 31 December 2017 (2016: 16.5%). Mainland China corporate income tax has been provided for at the rate of 25% on the estimated assessable profits for the Group's operations in Mainland China for the year ended 31 December 2017 (2016: Nil). Singapore corporate income tax has been provided for at the rate of 17% on the estimated assessable profit for the Group's operations in Singapore for the year ended 31 December 2017 (2016: 17%).

	Year ended 31 December	
	2017	2016
	HK$'000	*HK$'000*
Current taxation		
– Hong Kong profits tax	**252**	3,665
– Mainland China corporate income tax	**1,321**	–
– Singapore corporate income tax	**1**	900
Deferred income tax	**231**	407
Income tax expense	**1,805**	4,972

6 (LOSS)/EARNINGS PER SHARE

(a) Basic

The basic (loss)/earnings per share is calculated on the (loss)/profit attributable to equity holders of the Company divided by the weighted average number of ordinary shares in issue during the respective year. The weighted average number of ordinary shares used for such purpose has been retrospectively adjusted for the effects of the issue of shares in connection with the Reorganisation completed on 26 January 2016 and the Capitalisation Issue (as defined in the Prospectus) of ordinary shares which took place on 21 July 2017.

	Year ended 31 December	
	2017	2016
(Loss)/profit attributable to equity holders of the Company (HK$'000)	**(8,645)**	21,150
Weighted average number of ordinary shares in issue (thousands)	**517,397**	448,540
Basic (loss)/earnings per share (expressed in HK cents)	**(1.67)**	4.72

(b) Diluted

Diluted (loss)/earnings per share presented is the same as the basic (loss)/earnings per share as there were no potentially dilutive ordinary shares outstanding as at year end.

7 TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2017	2016
	HK$'000	*HK$'000*
Trade receivables *(Note)*	**77,676**	79,639
Less: allowance for impairment of trade receivables	**(11,360)**	(9,289)
Trade receivables – net	**66,316**	70,350
Bills receivables	**6,276**	1,334
Prepayments		
– Professional fee for listing preparation	**–**	2,366
– Others	**397**	479
Trade deposits paid	**6**	10
Deposits paid	**2,480**	867
Other receivables	**516**	326
	75,991	75,732
Less: Non-current portion deposits	**(1,716)**	(288)
	74,275	75,444

Note:

Balance included a retention receivable of HK$1,500,000 that will be settled in accordance with the terms of the respective contract.

The credit terms granted by the Group generally ranged up to 180 days. The ageing analysis of these trade receivables based on invoice date is as follows:

	As at 31 December	
	2017	2016
	HK$'000	*HK$'000*
0 to 30 days	**21,851**	24,971
31 to 60 days	**9,549**	11,252
61 to 90 days	**5,339**	4,541
91 to 180 days	**8,053**	10,131
181 to 365 days	**4,947**	7,231
Over 1 year	**16,577**	12,224
	66,316	70,350

As at 31 December 2017, trade receivables of HK$33,110,000 were past due but not impaired (2016: HK$49,734,000). The ageing analysis of these trade receivables based on due date is as follows:

	As at 31 December	
	2017	2016
	HK$'000	*HK$'000*
Past due but not impaired:		
– Less than 3 months	**12,951**	23,174
– 3 to 6 months	**2,648**	11,637
– 6 months to 1 year	**3,026**	6,102
– More than 1 year	**14,485**	8,821
	33,110	49,734

Long aged receivables that were past due but not impaired relate to customers who have no recent history of default and based on past experience, settlement record and recent correspondence with the customers, the directors expect the overdue amounts to be recoverable.

The carrying amounts of bills receivables approximate their fair values due to their short maturity. As at 31 December 2017, all the bills receivable represent bank acceptance notes issued by third parties with average maturity of within 179 days (2016: within 178 days), which are denominated in Renminbi.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.

8 ASSETS HELD FOR SALE

	As at 31 December	
	2017	2016
	HK$'000	*HK$'000*
At the beginning of the year	**6,690**	–
Transfer from investment properties	**–**	5,620
Gain from fair value adjustment	**–**	1,070
Disposed during the year	**(6,690)**	–
At the end of the year	**–**	6,690

The Group's assets held for sale were valued at 31 December 2016, by Asset Appraisal Limited, an independent professionally qualified valuer who holds a recognised professional qualification and has recent experience in the locations and segments of the assets held for sale valued. The revaluation gains or losses are included in 'Other (losses)/gains, net' in the consolidated statement of comprehensive income. Assets held for sale were valued by direct comparison method where comparison is made based on prices realised or market prices of comparable properties. Comparable properties of similar size, character and location are carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of market value.

The Group's assets held for sale are located in Hong Kong and measured at fair value using significant unobservable inputs (Level 3 under HKFRS 13). There were no transfers between Levels 1, 2 and 3 during the year ended 31 December 2016.

Description	**Unobservable inputs**	**Range of unobservable inputs**	**Relationship of unobservable inputs to fair value**
Industrial buildings	Age of property	0.5% price adjustment per year	The older the property, the lower the fair value
	Size of property	9.75% price adjustment per 10% increase in area of property	The larger the property, the higher the fair value
	Storey	0.5% price adjustment per each storey	The higher the storey, the lower the fair value

The Group's finance department reviews the valuation performed by the independent valuer for financial reporting purpose.

At each financial year end, finance department

- verifies all major inputs to the independent valuation report;
- assesses property valuations movements when compared to the prior year valuation report; and
- holds discussion with the independent valuer.

On 30 November 2016, the Group entered into provisional agreements for sales and purchases with independent third parties pursuant to which the Group disposed of these assets held for sale to the independent third parties, at a total cash consideration of HK$6,702,000, net of commission fees and professional fee of HK$81,000.

The disposals were completed on 28 February 2017.

9 SHARE CAPITAL

On 24 September 2015, the Company was incorporated in the Cayman Islands as an exempted company with limited liability with an authorised share capital of US$50,000 consisting of 5,000,000 ordinary shares of US$0.01 each. As of the date of incorporation, one ordinary share of US$0.01 was allotted and issued to and fully paid up by an initial subscriber at its par value. On the same date, the one ordinary share of US$0.01 was transferred to Mr. Ng Lai Ming. On 9 December 2015, the authorised share capital of the Company was changed to Hong Kong dollars in denomination and increased to HK$380,000, consisting of 38,000,000 shares with par value of HK$0.01 each. The one issued ordinary share denominated in US$ were cancelled. On the same date, 10 ordinary shares were allocated and issued to Mr. Ng Lai Ming at par of HK$0.01 each.

On 25 January 2016, the Company issued and allotted 8,681 shares, 439 shares and 395 shares as fully paid to Mr. Ng Lai Ming, Mr. Cheung King and Mr. Ng Lai Tong respectively, as part of the Reorganisation.

On 26 January 2016, Best Field Inc. (the "Pre-IPO Investor") entered into the Pre-IPO subscription agreement (the "Pre-IPO Investment") with Mr. Yeung Shiu Kin Eddie and the Company for subscription of 475 shares (representing 4.75% of the then enlarged issued share capital of the Company upon completion of the Pre-IPO investment on a fully diluted basis) for the consideration of HK$9,500,000.

On 21 July 2017, pursuant to the Capitalisation Issue (as defined in the Prospectus), the Company issued a total number of additional 449,990,000 shares, credited as fully paid, to Mr. Ng Lai Ming, Mr. Ng Lai Tong, Mr. Cheung King, Mr. Ng Lai Po and the Pre-IPO Investor respectively, based on their respective number of shares. On the same date, pursuant to the Share Offer (as defined in the Prospectus), the Company issued a total of 150,000,000 shares at a price of HK$0.47 per share.

Before alteration of denomination currency of authorised share capital

	Number of ordinary shares	**Share capital**
		US$
Authorised:		
Ordinary share of US$0.01 each at 24 September 2015 (date of incorporation of the Company)	5,000,000	50,000
Issued and fully paid:		
At 24 September 2015 (date of incorporation of the Company)	1	0.01

After alteration of denomination currency of authorised share capital

	Number of ordinary shares	**Share capital**
		HK$'000
Authorised:		
Ordinary share of HK$0.01 each at 9 December 2015, 31 December 2015 and 2016	38,000,000	380
Increase in authorised share capital	962,000,000	9,620
At 31 December 2017	1,000,000,000	10,000
Issued and fully paid:		
At 9 December 2015 and 31 December 2015	10	–
Issuance of shares arising from Reorganisation	9,515	–
Issuance of shares to the Pre-IPO Investor	475	–
At 31 December 2016 and 1 January 2017	10,000	–
Issuance of shares pursuant to the Capitalisation Issue	449,990,000	4,500
Issuance of shares under the Share Offer	150,000,000	1,500
At 31 December 2017	600,000,000	6,000

10 TRADE AND OTHER PAYABLES

	As at 31 December	
	2017	2016
	HK$'000	*HK$'000*
Trade payables	**32,225**	45,129
Accrued expenses and other payables	**5,400**	4,823
Trade deposit received	**64**	670
	37,689	50,622

(a) The carrying amounts of trade and other payables approximate their fair values as at 31 December 2017 and 2016.

(b) The ageing analysis of trade payables based on invoice date is as follows:

	As at 31 December	
	2017	2016
	HK$'000	*HK$'000*
0 to 30 days	**5,153**	8,124
31 to 60 days	**2,665**	18,731
61 to 90 days	**5,367**	12,070
91 to 120 days	**4,813**	3,024
Over 120 days	**14,227**	3,180
	32,225	45,129

11 DIVIDENDS

Interim dividend of HK$11,500,000 and HK$326,000 were declared to the then equity holders of the Company and non-controlling interests respectively in 2016. The portion attributable to the then equity holders of the Company was fully settled in 2016.

Interim dividend of HK$18,000,000 and HK$1,470,000 were declared to the then equity holder of the Company and non-controlling interests respectively in 2017 before the Share Offer. The portion attributable to the then equity holders of the Company was fully settled in 2017.

A dividend in respect of the year ended 31 December 2017 of HK0.8 cents per share, amounting to total dividend of HK$4,800,000, will be proposed at the forthcoming annual general meeting. These consolidated financial statements do not reflect this dividend payable.

BUSINESS REVIEW

Background, recent development and outlook

The Group is an integrated engineering solutions provider in connection with specialised cutting tools and parts for construction equipment with particular focus on disc cutters. Disc cutters are widely used in conjunction with tunnel boring machines ("TBM") and microtunnelling equipment and typically applied towards the excavation of tunnels with circular cross section through a variety of soil and rock strata. In addition to our focus in tunnelling sector, we also provide integrated engineering solutions to our customers in the foundation sector.

In general, our integrated engineering solutions involve (i) the supply of specialised cutting tools and parts for construction equipment; (ii) the supply of fabricated construction steel works and equipment; (iii) the supply of specialised construction equipment, and repair and maintenance services. Our business can broadly be categorized into two segments, namely tunnelling and foundation.

To heighten the Group's recognition and enhance its capital base, the Company listed its shares ("Shares") on GEM of the Stock Exchange on 21 July 2017 (the "Listing") by ways of placing and public offer (the "Share Offer").

Hong Kong market

Several TBM tunnelling projects in Hong Kong were finished in 2015, thus the industry has been witnessing a moderate drop in the contract value of TBM tunnelling works, which had in turn adversely affected our revenue from Hong Kong.

However, management is still confident of Hong Kong tunnelling segment performance in mid to long term, as the outlook of Hong Kong tunnelling market is and will be mainly driven by the "Railway Development Strategy" published by the Transport and Housing Bureau of Hong Kong in 2014, which proposed seven railway schemes up to 2026.

The launch of certain large scale infrastructure projects targeted by the Group under the foundation segment have been delayed as a result of delays of the respective projects' proceeding stages. While the performance of the foundation segment for the year ended 31 December 2017 was slightly better than that of the year of 2016, management is conservative of Hong Kong foundation market situation in 2018.

PRC market

The Group's business in the PRC market was related to the supply of specialised cutting tools and parts mainly for tunnelling equipment manufacturers. We observed competition building up in the cutting tools market in the PRC and a trend for tunnelling equipment manufacturers diversifying supplier base for cutting tools. In response to the keen competition, we have expanded the headcounts in PRC sales team and successfully secured orders from new customers engaged in the tunnelling construction sector, which partly supplemented the loss in revenue from tunnelling equipment manufacturers. The Group remains confident of the PRC market performance in 2018.

Singapore and Malaysia market

The Group has utilised Singapore as a regional hub to seek opportunities for expansion into Malaysia and Indonesia, and have successfully received purchase orders from Mass Rapid Project in Kuala Lumpur in 2017. The Group is targeting certain new infrastructure projects pending to be launched in Singapore and the management is prudently optimistic in the expansion of Malaysia market.

FINANCIAL REVIEW

Revenue

Our revenue decreased by approximately HK$85.7 million, or 34.7%, from approximately HK$247.3 million for the year ended 31 December 2016 to approximately HK$161.6 million for the year ended 31 December 2017. The decrease was primarily attributable to the decrease in revenue recognized for our tunnelling segment by approximately HK$88.8 million as a result of (i) decrease in orders from certain customers in China due to keen market competition; (ii) decrease in revenue in Hong Kong due to decrease in product consumption of a tunnelling project, for which we have entered into master framework contract for the supply of specialized cutting tools and parts for the construction equipment; (iii) decrease in revenue in Singapore due to completion of certain projects in Singapore. From the perspective of geographic locations of our customers, revenue derived from customers based in Hong Kong, the PRC and Singapore decreased from approximately HK$82.3 million, HK$109.9 million & HK$55.1 million to approximately HK$42.2 million, HK$89.3 million & HK$25.9 million for the year ended 31 December 2017, respectively. Nevertheless, we have successfully extended our business to Malaysia by recording a revenue of HK$4.1 million for the year ended 31 December 2017, meanwhile it was nil in 2016.

Cost of sales

Cost of sales represents costs and expenses directly attributable to our revenue generating activities. Our cost of inventories sold accounted for the largest part of our cost of sales. Our cost of sales decreased by approximately HK$57.6 million, or 33.1%, from approximately HK$174.1 million for the year ended 31 December 2016 to approximately HK$116.5 million for the year ended 31 December 2017. Such movement was primarily attributable to the decrease in cost of inventory sold associated with our decrease in revenue.

Gross profit

Our gross profit decreased by approximately HK$28.2 million, or 38.5%, from approximately HK$73.3 million for the year ended 31 December 2016 to approximately HK$45.1 million for the year ended 31 December 2017. Our gross profit margin decreased slightly from approximately 29.6% for the year ended 31 December 2016 to approximately 27.9% for the year ended 31 December 2017.

Other income and other losses

The other income and other losses, primarily consisted of (i) inspection charges and (ii) loss from disposal of property, plant and equipment. Our net other income were approximately HK$0.3 million and HK$1.4 million for the years ended 31 December 2017 and 2016 respectively.

Selling expenses

Selling expenses mainly include freight charges and selling commission for our staff accounted for under the employee benefit expenses. Selling expenses decreased from approximately HK$7.3 million for the year ended 31 December 2016 to HK$6.1 million for the year ended 31 December 2017, which was mainly attributable to the decrease in revenue recorded by our Group.

Administrative expenses

Administrative expenses mainly include staff costs, Directors' remuneration and benefits (both accounted for under the employee benefit expenses), legal and professional fees for listing preparation, operating lease charges on land and buildings, provision for impairment of trade receivables and other administrative expenses. Legal and professional fee for the listing preparation was increased by approximately HK$7.9 million or 218.9% from HK$3.6 million for the year ended 31 December 2016 to HK$11.5 million for the year ended 31 December 2017. Meanwhile, administrative expenses for natures other than legal and professional fee for the listing preparation was decreased by approximately HK$2.3 million or 6.3% from approximately HK$36.0 million for the year ended 31 December 2016 to approximately HK$33.7 million for the year ended 31 December 2017.

Finance income and finance costs

The net amount of finance costs decreased by approximately HK$0.1 million from approximately HK$0.8 million for the year ended 31 December 2016 to approximately HK$0.7 million for the year ended 31 December 2017. Such decrease was mainly attributable to the decrease in finance costs related to bank borrowings.

Income tax expense

Our income tax represents Hong Kong profits tax, the PRC enterprise income tax and Singapore corporate income tax. Our Group was not subject to any income tax in the Cayman Islands. The provision for Hong Kong profits tax was calculated at 16.5% of the relevant estimated assessable profits, our PRC subsidiary was subject to the statutory enterprise income tax rate of 25%. The corporate income tax rate in Singapore is 17% on chargeable income. Our income tax expenses decreased by approximately HK$3.2 million or 63.7% from approximately HK$5.0 million for the year ended 31 December 2016 to approximately HK$1.8 million for the year ended 31 December 2017. The decrease was primarily due to a decrease in our Group's assessable profits for year ended 31 December 2017. Due to the non-deductible expenses incurred for the listing, resulting in a tax liability although we recorded a loss before tax for the year ended 31 December 2017.

Profit/(loss) attributable to equity holders of our Company

We recorded a loss attributable to equity holders of our Company for the year ended 31 December 2017 of approximately HK$8.6 million, representing a decrease from a profit of approximately HK$21.2 million for the year ended 31 December 2016. If we do not take into account of the listing expenses, the profit attributable to equity holders of our Company for the year ended 31 December 2017 would be approximately HK$2.9 million, representing a decrease of approximately 88.3% from approximately HK$24.8 million for the year ended 31 December 2016.

Liquidity, financial resources and capital structure

	31 December 2017	31 December 2016
	HK$'000	*HK$'000*
Current asset	**175,620**	160,663
Current liabilities	**63,852**	83,778
Current ratio	**2.75**	1.92

During the year ended 31 December 2017, the Group financed its operations by its internal resources, banking facilities and net proceeds from the Share Offer. As at 31 December 2017, the Group had net current assets of approximately HK$111.8 million (31 December 2016: HK$76.9 million), including cash and cash equivalents of approximately HK$70.1 million (31 December 2016: HK$44.4 million). The Group's current ratio as at 31 December 2017 was 2.75 times (31 December 2016: 1.92 times).

As at 31 December 2017, the Group had a total available banking and other facilities of approximately HK$38.0 million, of which approximately HK$14.0 million was utilised and approximately HK$24.0 million was unutilised and available for use.

The shares of the Company were listed on GEM on 21 July 2017. 15,000,000 and 135,000,000 of the Company's shares at a price of HK$0.47 were issued on the same day by ways of public offer and placing, respectively. There has been no change in capital structure of the Company since 21 July 2017. As at 31 December 2017, the equity attributable to equity holders of the Company amounted to approximately HK$123.0 million (31 December 2016: approximately HK$88.6 million).

Gearing ratio

Our Directors confirmed that as at each of 31 December 2017 and 31 December 2016, we maintained a net cash position. On this basis, we did not record a gearing ratio.

FOREIGN CURRENCY EXPOSURE AND TREASURY POLICY

During the year ended 31 December 2017, other than Hong Kong dollars, the major currencies of which our Group transacted in consisted primarily of Euro and Renminbi (the "Major Foreign Currencies").

While our Group did not adopt any hedging policies during the period, our Directors consider that we were able to manage our exposure to foreign exchange risks by using the Major Foreign Currencies (i) as the settlement currencies of our contracts with certain customers; and (ii) to settle payments with our suppliers.

As part of our Group's treasury practice, we would manage our foreign currency exposure by converting part of our Major Foreign Currencies holdings to Hong Kong dollars from time to time. Going forward, our Directors will continue to use the Major Foreign Currencies as the settlement currency of our contracts with our customers and suppliers in order to manage our exposure to foreign exchange risks. In addition, our Group will continue to evaluate and monitor our exposure to foreign exchange risks from time to time and may consider adopting hedging policies if necessary.

CAPITAL COMMITMENT

As at 31 December 2017, the Group had the following capital commitment:

On 21 November 2017, M&L Oceania Management Pty Ltd (the "Purchaser"), an indirect wholly-owned subsidiary of the Company, entered into the Contract of Sale (the "Contract of Sale") with Raunik Warehouse Developments Pty Ltd (the "Vendor"), pursuant to which the Purchaser will acquire from the Vendor a warehouse with office situated at 9 Efficient Drive, Truganina VIC 3029, Australia (the "Property") for a purchase price of AUD2,078,000. An initial deposit of AUD207,800 had been paid by the Purchaser to the Vendor upon signing of the Contract of Sale; and the remaining balance of the purchase price in the amount of AUD1,870,200 payable by the Purchaser to the Vendor will take place within 6 months from the date of the Contract of Sale, i.e. on or before 20 May 2018.

As at 31 December 2016, the Group had no capital commitment.

USE OF PROCEEDS

The net proceeds from the Share Offer was approximately HK$40.2 million, which was different from the estimated net proceeds of HK$39.0 million as disclosed in the Prospectus. The difference of HK$1.2 million has been adjusted in the same manner and in the same proportion to the use of proceeds as shown in the Prospectus. The utilisation of net proceeds raised by the Group from the Share Offer up to 31 December 2017 is as below.

	Estimated use of proceeds	**Adjusted use of proceeds**	**Up to 31 December 2017**	
			Utilised	**Unutilised**
	HK$'million	***HK$'million***	***HK$'million***	***HK$'million***
To further develop fabricated construction steel works and equipment business in the PRC	**16.0**	**16.5**	**–**	**16.5**
To acquire and/or partly finance the expansion of fleet of specialised construction machinery and equipment	**13.6**	**14.0**	**1.7**	**12.3**
To expand repair and maintenance services in the PRC for tunnelling business	**5.5**	**5.7**	**–**	**5.7**
General working capital	**3.9**	**4.0**	**4.0**	**–**
	39.0	**40.2**	**5.7**	**34.5**

The unutilised net proceeds from the Share Offer have been placed with licensed banks in Hong Kong and will be applied in the manner consistent with the proposed allocations as set out in the Prospectus.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the Prospectus with the Group's actual business progress for the period from the Listing Date to 31 December 2017 is set out below.

Business objectives	Actual business progress up to 31 December 2017
Further development fabricated construction steel works and equipment business in the PRC	We had visited various industrial properties in Foshan, Dongguan and Huizhou in Guangdong Province to find the appropriate location for the set-up of the factory. The process is still ongoing. We had identified appropriate candidate for the role of International Sales Manager and the candidate had reported duty on 27 January 2018.
Expansion of fleet of specialised construction machinery and equipment	Acquired one set of PTC vibrator equipment for trading purpose.
Expansion of repair and maintenance services in the PRC	We had visited various industrial properties in Foshan, Dongguan & Huizhou in Guangdong Province to find the appropriate location for the workshop. The process is still ongoing.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group had no material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2017.

SIGNIFICANT INVESTMENTS HELD

The Group had not held any significant investments during the year ended 31 December 2017.

CHARGES ON ASSETS

As at 31 December 2017, certain machinery and equipment and inventories with carrying value of approximately HK$8,279,000 (2016: nil) were pledged to secure for the Group's borrowings.

CONTINGENT LIABILITIES

As at 31 December 2017, the Group did not have any significant contingent liabilities.

EVENTS AFTER THE FINANCIAL YEAR

No event has occurred after 31 December 2017 and up to the date of this announcement which would have a material effect on the Group.

CORPORATE GOVERNANCE AND COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our shareholders as a whole.

The Company adopted the code provisions of the Corporate Governance Code ("CG Code") as set out in Appendix 15 of the GEM Listing Rules effective from the Listing Date and had complied with the CG Code since then and up to the date of this announcement, except for the deviation stipulated below.

As required by code provision A.2.1 of the CG Code, the roles of chairman and the chief executive officer should be separate and should not be performed by the same individual. We do not have a separate chairman and chief executive officer and Mr. Ng Lai Ming currently performs these two roles concurrently. Our Board believes that vesting the roles of both the chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group for more effective and efficient overall strategic planning for the Group. Our Board considers that the balance of power and authority within the Group will not be impaired by the present arrangement and the current structure will enable the Company to make and implement decisions more promptly and effectively. Our Board will from time to time review and consider splitting the roles of chairman of our Board and the chief executive officer of our Company to ensure that appropriate and timely arrangements are in place to meet changing circumstances.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors (the "Model Code") on terms no less exacting than the required standard of dealings set out in Rule 5.48 to 5.67 of the GEM Listing Rules. Upon specific enquiries being made with all Directors, all Directors confirmed that they have complied with the required standards set out in Model Code since the Listing Date up to the date of this announcement.

DIVIDENDS AND ANNUAL GENERAL MEETING

The Directors recommended the payment of a final dividend of HK0.8 cents per share, amounting to a total of HK$4.8 million for the year ended 31 December 2017. The proposed final dividend is subject to the approval of shareholders at the forthcoming annual general meeting of the Company to be held on Wednesday, 9 May 2018 (the "AGM") and is expected to be paid on or about 11 June 2018.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 4 May 2018 to Wednesday, 9 May 2018 (both days inclusive), during which period no transfer of shares will be registered, for purpose of determining the right to attend and vote at the AGM. All transfer of the Company's shares together with the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong no later than 4:30 p.m. on Thursday, 3 May 2018 in order for the holders of the shares to qualify to attend and vote at the AGM or any adjournment thereof.

To ascertain entitlement to the proposed final dividend, the register of members of the Company will also be closed from Thursday, 24 May 2018 to Monday, 28 May 2018 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, which is subject to approval of shareholders at the AGM, holders of shares of the Company must ensure that all transfers of shares be lodged with the Company's branch share registrar and transfer office in Hong Kong for registration no later than 4:30 p.m. on Wednesday, 23 May 2018.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries, had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2017.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the minimum public float required under the GEM Listing Rules since the Listing and up to the date of this announcement.

INTERESTS OF THE COMPLIANCE ADVISER

As notified by the Company's compliance adviser, VMS Securities Limited (the "Compliance Adviser"), except for the compliance adviser agreement entered into between the Company and the Compliance Adviser which commenced on 21 July 2017, neither the Compliance Adviser nor its directors, employees or associates had any interests in relation to the Company as at the date of this announcement which is required to be notified to the Company pursuant Rule 6A.32 of the GEM Listing Rules.

COMPETING INTERESTS

None of the Directors or substantial shareholders of the Company or their respective associates (as defined in the GEM Listing Rules) had any interest in a business which compete with the business of the Group during the year ended 31 December 2017 and up to and including the date of this announcement.

REVIEW OF ANNUAL RESULTS

The audit committee of the Board has reviewed the consolidated financial statements of the Group for the year ended 31 December 2017 and this results announcement. The figures in respect of the Group's consolidated statement of comprehensive income, consolidated balance sheet and the related notes thereto for the year ended 31 December 2017 as set out in this announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this announcement.

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange and the Company, and the annual report of the Company for the year ended 31 December 2017 containing all the information required by the GEM Listing Rules will be despatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

By order of the Board
M&L Holdings Group Limited
Ng Lai Ming
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 22 March 2018

As at the date of this announcement, the executive Directors are Mr. Ng Lai Ming, Mr. Ng Lai Tong, Mr. Cheung King and Mr. Ng Lai Po and the independent non-executive Directors are Mr. Tai Wai Kwok, Ir Lo Kok Keung and Mr. Lau Chi Leung.

This announcement will remain on the "Latest Company Announcement" page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and on the Company's website at www.mleng.com.