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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

The board of directors (the “**Board**”) of M&L Holdings Group Limited (the “**Company**”) hereby announces the interim results of the Company and its subsidiaries for the six months ended 30 June 2023. This announcement, containing the full text of the 2023 interim report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) in relation to information to accompany preliminary announcement of the interim results.

By order of the Board
M&L Holdings Group Limited
Ng Lai Ming

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 8 August 2023

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

As at the date of this announcement, the executive Directors are Mr. Ng Lai Ming, Mr. Ng Lai Tong 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 Listed Company Information” 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.

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors (the “Directors”) of M&L Holdings Group Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.



Interim Results

The board of Directors (the "Board") of M&L Holdings Group Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the three months and six months ended 30 June 2023, together with the comparative figures for the corresponding periods in 2022.

Condensed Consolidated Statement of Comprehensive Income

For the three months and six months ended 30 June 2023

	Notes	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
		2023	2022	2023	2022
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	4	35,671	17,764	75,240	29,400
Cost of sales		(25,394)	(12,420)	(51,129)	(20,024)
Gross profit		10,277	5,344	24,111	9,376
Other income		35	242	87	251
Selling expenses		(930)	(545)	(3,959)	(979)
Administrative expenses		(6,819)	(6,340)	(13,491)	(12,610)
Other gains and losses					
Exchange loss		(3,399)	(4,694)	(3,183)	(3,165)
Provision for impairment of trade receivables		(182)	(391)	(678)	(838)
Others		32	23	60	44
Operating (loss)/profit		(986)	(6,361)	2,947	(7,921)
Finance income		78	12	156	20
Finance costs		(686)	(457)	(1,388)	(927)
(Loss)/profit before income tax		(1,594)	(6,806)	1,715	(8,828)
Income tax (expense)/credit	6	(358)	83	(1,155)	131
(Loss)/profit for the period		(1,952)	(6,723)	560	(8,697)
Other comprehensive income for the period					
<i>Item that may be reclassified to profit or loss:</i>					
Currency translation differences		(171)	(536)	(21)	(487)
Total comprehensive income for the period		(2,123)	(7,259)	539	(9,184)

Condensed Consolidated Statement of Comprehensive Income

For the three months and six months ended 30 June 2023

	Notes	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
		2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
(Loss)/profit for the period attributable to:					
Equity holders of the Company		(1,969)	(6,594)	371	(8,483)
Non-controlling interests		17	(129)	189	(214)
		(1,952)	(6,723)	560	(8,697)
Total comprehensive income for the period attributable to:					
Equity holders of the Company		(2,137)	(7,112)	351	(8,955)
Non-controlling interests		14	(147)	188	(229)
		(2,123)	(7,259)	539	(9,184)
(Loss)/earnings per share					
— Basic and diluted (expressed in HK cents per share)	7	(0.33)	(1.10)	0.06	(1.41)

Condensed Consolidated Statement of Financial Position

As at 30 June 2023

	Notes	Unaudited 30 June 2023 HK\$'000	Audited 31 December 2022 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	8(a)	23,385	24,703
Right-of-use assets	8(b)	7,268	8,068
Deposits		237	565
Other assets at fair value through profit or loss		5,382	5,327
Deferred tax assets		1,410	2,698
		37,682	41,361
Current assets			
Inventories		31,763	42,939
Trade and other receivables	9	81,537	81,902
Tax recoverable		376	391
Cash and cash equivalents		28,655	28,237
		142,331	153,469
Current liabilities			
Trade and other payables	10	34,825	39,158
Contract liabilities		3,389	11,473
Dividend payable	11	6,347	6,347
Amounts due to directors	12	3,927	4,227
Bank borrowings	13	26,875	27,833
Lease liabilities		1,475	1,816
		76,838	90,854
Net current assets		65,493	62,615
Total assets less current liabilities		103,175	103,976

Condensed Consolidated Statement of Financial Position

As at 30 June 2023

	Notes	Unaudited 30 June 2023 HK\$'000	Audited 31 December 2022 HK\$'000
Non-current liabilities			
Bank borrowings	13	4,284	5,065
Lease liabilities		418	788
Deferred tax liabilities		2,198	2,387
Other provision		508	508
		7,408	8,748
Net assets		95,767	95,228
CAPITAL AND RESERVES			
Equity attributable to equity holders of the Company			
Share capital	14	6,000	6,000
Reserves		88,576	88,225
		94,576	94,225
Non-controlling interests		1,191	1,003
Total equity		95,767	95,228

Condensed Consolidated Statements of Changes in Equity

For the six months ended 30 June 2023

	Attributable to equity holders of the Company						Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Revaluation reserve HK\$'000	Other Reserves HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	
	(Note 15)	(Note 15)	(Note 15)				
At 1 January 2023 (audited)	6,000	63,332	5,577	19,316	94,225	1,003	95,228
Profit for the period	—	—	—	371	371	189	560
Other comprehensive income:							
Currency translation differences	—	—	—	(20)	(20)	(1)	(21)
Total comprehensive income for the period	—	—	—	351	351	188	539
At 30 June 2023 (unaudited)	6,000	63,332	5,577	19,667	94,576	1,191	95,767
At 1 January 2022 (audited)	6,000	63,332	4,612	28,322	102,266	1,152	103,418
Loss for the period	—	—	—	(8,483)	(8,483)	(214)	(8,697)
Other comprehensive income:							
Currency translation differences	—	—	—	(472)	(472)	(15)	(487)
Total comprehensive income for the period	—	—	—	(8,955)	(8,955)	(229)	(9,184)
At 30 June 2022 (unaudited)	6,000	63,332	4,612	19,367	93,311	923	94,234

Condensed Consolidated Statements of Cash Flows

For the six months ended 30 June 2023

	Unaudited	
	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Cash flows from operating activities		
Net cash generated from operations	5,033	692
Interest received	156	20
Interest paid	(1,469)	(927)
Income tax paid	—	—
Net cash generated from/(used in) operating activities	3,720	(215)
Cash flows from investing activities		
Purchase of property, plant and equipment	(200)	(38)
Proceeds from disposal of property, plant and equipment	5	—
Net cash used in investing activities	(195)	(38)
Cash flows from financing activities		
Proceeds from bank borrowings	11,000	11,000
Repayment of bank borrowings	(12,739)	(12,709)
Repayment of principal element of lease liabilities	(923)	(516)
Repayment to a director	(300)	—
Net cash used in financing activities	(2,962)	(2,225)
Net increase/(decrease) in cash and cash equivalents	563	(2,478)
Cash and cash equivalents at beginning of the period	28,237	25,969
Currency translation differences	(145)	(161)
Cash and cash equivalents at end of period	28,655	23,330

Notes to the Condensed Consolidated Interim Financial Information

1 GENERAL INFORMATION AND BASIS OF PRESENTATION

The Company was incorporated in the Cayman Islands on 24 September 2015 as an exempted company with limited liability. The shares of the Company were listed on GEM of the Stock Exchange on 21 July 2017 (the "Share Offer").

The address of its registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. Its principal place of business is located at 21st Floor, Empress Plaza, 17-19 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong. The Group is principally engaged in trading and lease of construction machinery and spare parts.

The ultimate holding company of the Group is JAT United Company Limited, which is a company incorporated in the British Virgin Islands and wholly owned by Mr. Ng Lai Ming, an executive director.

The condensed consolidated interim financial information is presented in Hong Kong dollars ("HK\$"), which is the same as the functional currency of the Company. All values are rounded to the nearest thousand except when otherwise indicated.

The condensed consolidated interim financial information of the Group for the six months ended 30 June 2023 has not been audited but has been reviewed by the audit committee of the Company. The unaudited condensed consolidated interim financial information was approved for issue by the Board on 8 August 2023.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2023 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, 'Interim financial reporting' issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of the GEM Listing Rules. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2022. It has been prepared under the historical cost basis, except for certain properties and other assets at fair value through profit or loss which are measured at fair value.

Significant accounting policies

The accounting policies used in the preparation of this condensed consolidated interim financial information are consistent with those described in the annual financial statements for the year ended 31 December 2022, except for the adoption of new or amended Hong Kong Financial Reporting Standards ("HKFRSs") which have become effective for accounting periods beginning on or after 1 January 2023. The Directors consider that the application of these new or amended HKASs and HKFRSs in the current period has no material effect on the amounts reported in this condensed consolidated interim financial information.

Notes to the Condensed Consolidated Interim Financial Information

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed consolidated interim financial information, the critical accounting estimates and judgements applied were consistent with those described in the annual financial statements for the year ended 31 December 2022.

4 REVENUE AND SEGMENT INFORMATION

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15				
Timing of revenue recognition				
— At a point in time				
— Sales of goods	34,014	16,456	71,634	27,328
— Repair and maintenance services income	1,657	1,044	3,381	1,594
	35,671	17,500	75,015	28,922
Revenue from other sources				
— Machinery rental income	—	264	225	478
	35,671	17,764	75,240	29,400

The operating segments are reported in a manner consistent with the way in which information is reported internally to the Group's chief operating decision-maker for the purposes of resources allocation and assessment of segment performance. The executive Directors considered the nature of the Group's business and determined that the Group has two reportable operating segments as follows:

Tunnelling — Supply of specialised cutting tools and parts for construction equipment

Foundation — Supply of fabricated construction steel works and equipment

Notes to the Condensed Consolidated Interim Financial Information

4 REVENUE AND SEGMENT INFORMATION (CONTINUED)

The executive Directors assess the performance of the operating segments based on revenue and gross profit margin of each segment. 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 represents revenue generated from external customers. There were no inter-segment sales during the three months and six months ended 30 June 2023 and 2022. 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 six months ended 30 June 2023 (unaudited) is as follows:

	Tunnelling HK\$'000	Foundation HK\$'000	Total HK\$'000
Segment revenue (all from external customers)	74,561	679	75,240
Cost of sales	(50,779)	(350)	(51,129)
Segment results	23,782	329	24,111
Gross profit %	31.90%	48.45%	32.05%
Other income			87
Selling expenses			(3,959)
Administrative expenses			(13,491)
Other gains and losses			
Exchange loss			(3,183)
Provision for impairment of trade receivables			(678)
Others			60
Operating profit			2,947
Finance income			156
Finance costs			(1,388)
Profit before income tax			1,715
Income tax expense			(1,155)
Profit for the period			560

Notes to the Condensed Consolidated Interim Financial Information

4 REVENUE AND SEGMENT INFORMATION (CONTINUED)

- (b) The segment information provided to the executive Directors for the reportable segments for the six months ended 30 June 2022 (unaudited) is as follows:

	Tunnelling HK\$'000	Foundation HK\$'000	Total HK\$'000
Segment revenue			
(all from external customers)	24,650	4,750	29,400
Cost of sales	(16,673)	(3,351)	(20,024)
Segment results	7,977	1,399	9,376
Gross profit %	32.36%	29.45%	31.89%
Other income			251
Selling expenses			(979)
Administrative expenses			(12,610)
Other gains and losses			
Exchange loss			(3,165)
Provision for impairment of trade receivables			(838)
Others			44
Operating loss			(7,921)
Finance income			20
Finance costs			(927)
Loss before income tax			(8,828)
Income tax credit			131
Loss for the period			(8,697)

Notes to the Condensed Consolidated Interim Financial Information

4 REVENUE AND SEGMENT INFORMATION (CONTINUED)

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

	Unaudited		Unaudited	
	Three months ended		Six months ended	
	30 June		30 June	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	22,907	13,523	50,396	21,644
The PRC	9,968	4,022	14,896	7,369
Singapore and other Asia-Pacific countries	1,546	219	2,216	387
Others	1,250	—	7,732	—
	35,671	17,764	75,240	29,400

- (d) The total amounts of non-current assets, other than deposits and deferred tax assets of the Group are located in the following regions:

	Unaudited	Audited
	30 June	31 December
	2023	2022
	HK\$'000	HK\$'000
Hong Kong	10,477	11,717
The PRC	241	95
Singapore	7,971	8,144
Australia	17,346	18,142
	36,035	38,098

Notes to the Condensed Consolidated Interim Financial Information

5 EXPENSES BY NATURE

	Unaudited		Unaudited	
	Three months ended		Six months ended	
	30 June		30 June	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost of inventories sold	25,001	12,244	50,415	19,599
Employee benefit expenses	3,726	3,938	7,595	7,702
Depreciation*				
Owned property, plant and equipment	519	519	1,043	1,011
Right-of-use assets under the following categories:				
— Ownership interests in leasehold land for own use	29	27	58	55
— Other properties leased for own use	452	250	905	500
Short-term lease expenses	261	302	515	605
Auditors' remuneration				
— Audit services	155	149	310	300
— Non-audit services	11	16	21	23

* Recorded as administrative expenses

Notes to the Condensed Consolidated Interim Financial Information

6 INCOME TAX (EXPENSES)/CREDIT

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Current taxation for the period				
— Mainland China corporate income tax	47	—	—	—
Deferred income tax	(405)	83	(1,155)	131
Income tax (expenses)/credit	(358)	83	(1,155)	131

The Group has no income subject to taxation in the Cayman Islands and the British Virgin Islands.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for profits derived in Hong Kong.

Mainland China corporate income tax has been provided for at the rate of 25.0% on the estimated assessable profits for the Group's operations in Mainland China. Singapore corporate income tax has been provided for at the rate of 17.0% on the estimated assessable profit for the Group's operations in Singapore. Australia corporate income tax has been provided for at the rate of 25.0%–30.0% (2022: 25.0%) on the estimated assessable profits for the Group's operations in Australia.

Notes to the Condensed Consolidated Interim Financial Information

7 (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 period.

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2023	2022	2023	2022
(Loss)/profit attributable to equity holders of the Company (HK\$'000)	(1,969)	(6,594)	371	(8,483)
Weighted average number of ordinary shares in issue (thousands)	600,000	600,000	600,000	600,000
Basic (loss)/earnings per share (expressed in HK cents)	(0.33)	(1.10)	0.06	(1.41)

(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 during the period.

Notes to the Condensed Consolidated Interim Financial Information

8 PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

(a) Property, plant and equipment

	Unaudited 2023 HK\$'000	Unaudited 2022 HK\$'000
Opening net book amount as at 1 January	24,703	26,374
Additions	200	38
Disposals	—	—
Depreciation	(1,043)	(1,011)
Exchange difference	(475)	(907)
Closing net book amount as at 30 June	23,385	24,494

All depreciation expenses have been recorded in administrative expenses.

(b) Right-of-use assets

	Unaudited 2023 HK\$'000	Unaudited 2022 HK\$'000
Opening net book amount as at 1 January	8,068	7,438
Commencement of lease	219	—
Depreciation	(963)	(555)
Exchange difference	(56)	(128)
Closing net book amount as at 30 June	7,268	6,755

All depreciation expenses have been recorded in administrative expenses.

Notes to the Condensed Consolidated Interim Financial Information

9 TRADE AND OTHER RECEIVABLES

	Unaudited 30 June 2023 HK\$'000	Audited 31 December 2022 HK\$'000
Trade receivables	80,107	81,137
Less: loss allowance	(7,402)	(7,003)
Trade receivables — net	72,705	74,134
Bills receivables	3,150	819
Prepayments	465	1,334
Deposits paid	4,556	5,023
Other receivables	898	1,157
	81,774	82,467
Less: Non-current portion deposits	(237)	(565)
	81,537	81,902

Notes to the Condensed Consolidated Interim Financial Information

9 TRADE AND OTHER RECEIVABLES (CONTINUED)

The credit terms granted by the Group generally ranged up to 270 days. The ageing analysis of these trade receivables based on invoice date is as follows:

	Unaudited 30 June 2023 HK\$'000	Audited 31 December 2022 HK\$'000
0 to 30 days	13,451	14,654
31 to 60 days	3,331	6,271
61 to 90 days	5,056	393
91 to 180 days	8,647	2,125
181 to 365 days	4,725	3,904
1 to 2 years	3,973	9,362
2 to 3 years	12,923	11,106
Over 3 years	28,001	33,322
Trade receivables, gross	80,107	81,137
Less: loss allowance	(7,402)	(7,003)
Trade receivables, net	72,705	74,134

10 TRADE AND OTHER PAYABLES

	Unaudited 30 June 2023 HK\$'000	Audited 31 December 2022 HK\$'000
Trade payables	30,952	34,977
Accrued expenses and other payables	3,873	4,181
	34,825	39,158

The carrying amounts of trade and other payables approximate their fair values as at 30 June 2023 and 31 December 2022.

Notes to the Condensed Consolidated Interim Financial Information

10 TRADE AND OTHER PAYABLES (CONTINUED)

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

	Unaudited 30 June 2023 HK\$'000	Audited 31 December 2022 HK\$'000
0-30 days	5,028	13,023
31-60 days	2,548	1,877
61-90 days	6,877	3,156
91-120 days	3,083	50
Over 120 days	13,416	16,871
	30,952	34,977

11 DIVIDEND PAYABLE

The amount is payable to a non-controlling shareholder of a subsidiary, Genghiskhan Land Holdings Limited ("Genghiskhan"). Genghiskhan was struck off from the Register of Companies of the BVI on 30 April 1998 and subsequently dissolved on 30 April 2008.

The amount is unsecured, interest-free, repayable on demand and denominated in Hong Kong dollars.

12 AMOUNTS DUE TO DIRECTORS

	Unaudited 30 June 2023 HK\$'000	Audited 31 December 2022 HK\$'000
Amounts due to:		
— Mr. Ng Lai Tong	507	507
Advance from:		
— Mr. Ng Lai Ming	3,420	3,720
	3,927	4,227

The amount due to Mr. Ng Lai Tong is unsecured, interest-free and repayable on demand.

The advance from Mr. Ng Lai Ming is unsecured, bears interest at 2.5% per annum on simple basis and payable semi-annually, and is repayable upon 3 months notice.

Notes to the Condensed Consolidated Interim Financial Information

13 BANK BORROWINGS

The carrying amounts of the bank borrowings approximate their fair values as at 30 June 2023 and 31 December 2022, and are denominated in the Hong Kong dollars. The interests are charged on floating rate basis.

The Group has obtained total banking facilities from banks of approximately HK\$36,200,000 as at 30 June 2023 (31 December 2022: HK\$37,900,000), of which HK\$5,000,000 (31 December 2022: HK\$5,000,000) has not been utilised.

The banking facilities are secured by the followings:

- (i) the assignment of the life insurance policy of Mr. Ng Lai Ming with an insured sum of US\$1,582,862 for the bank borrowings;
- (ii) corporate guarantees provided by the Company and its subsidiaries, M&L Engineering & Materials Limited and East Focus Engineering Services Limited; and
- (iii) personal guarantees provided by the executive Directors.

14 SHARE CAPITAL

The Company's share capital as at 30 June 2023 and 31 December 2022 was as follows:

Ordinary share of HK\$0.01 each	Number of ordinary shares	Share capital HK\$'000
Authorised	1,000,000,000	10,000
Issued and fully paid	600,000,000	6,000

Notes to the Condensed Consolidated Interim Financial Information

15 SHARE PREMIUM AND OTHER RESERVES

	Share premium HK\$'000	Capital reserve HK\$'000	Revaluation reserves HK\$'000	Translation reserve HK\$'000	Statutory reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
					Note		
As at 1 January 2023	63,332	15,642	5,577	(166)	1,522	2,318	88,225
Profit for the period	—	—	—	—	—	371	371
Currency translation difference	—	—	—	(20)	—	—	(20)
As at 30 June 2023 (unaudited)	63,332	15,642	5,577	(186)	1,522	2,689	88,576
As at 1 January 2022	63,332	15,642	4,612	428	1,522	10,730	96,266
Loss for the period	—	—	—	—	—	(8,483)	(8,483)
Currency translation difference	—	—	—	(472)	—	—	(472)
As at 30 June 2022 (unaudited)	63,332	15,642	4,612	(44)	1,522	2,247	87,311

Note:

The PRC laws and regulations require companies registered in the PRC to provide for certain statutory reserves, which are to be appropriated from the net profit (after offsetting accumulated losses from prior years) as reported in their respective statutory financial statements, before profit distributions to equity holders. All statutory reserves are created for specific purposes. PRC companies are required to appropriate 10% of statutory net profits to statutory reserves, upon distribution of their post-tax profits of the current year. A company may discontinue the contribution when the aggregate sum of the statutory reserve is more than 50% of its registered capital. The statutory reserves shall only be used to make up losses of the companies, to expand the companies' production operations, or to increase the capital of the companies. In addition, a company may make further contribution to the statutory reserve using its post-tax profits in accordance with resolutions of the board of directors.

16 DIVIDENDS

The Board does not declare an interim dividend for the six months ended 30 June 2023 (2022: nil).

Notes to the Condensed Consolidated Interim Financial Information

17 RELATED PARTY TRANSACTIONS

(a) Significant related party transactions

Other than those disclosed elsewhere in the condensed consolidated interim financial information, the following transactions were carried out with related parties in the normal course of the Group's business:

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest expense paid to a Director	23	25	46	50

(b) Key management compensation

Key management includes Directors and senior managements. The compensation paid or payable to key management for employee services is shown below:

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Salaries, wages and other benefits	732	703	1,464	1,407
Contributions to defined contribution retirement plans	27	26	54	53
	759	729	1,518	1,460

Management Discussion and Analysis

BUSINESS REVIEW

Background, recent development and outlook

The Group is an integrated engineering solutions provider in connection with (i) the supply of specialised cutting tools and parts for construction equipment with particular focus on disc cutters which are widely used in conjunction with tunnel boring machines and microtunnelling 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.

Hong Kong market

The outbreak of COVID-19 has subsided and disease control measures were gradually lifted in Hong Kong and China since the second half of year 2022. Commercial activities in Hong Kong took a sharp rebound and a key tunnelling project in Hong Kong progressed to the stage where high consumption of TMB disc cutters is required, which drove up the demand for the Group's products substantially during the six months ended 30 June 2023 ("Period"). However, market competition and pricing pressure in the construction products and equipment market remained keen, especially in the foundation market. We will closely monitor potential business opportunities associated with the "Railway Development Strategy", the "Lantau Tomorrow" and the "Northern Metropolitan" development, while being cautious not to engage in cut-throat price competition.

PRC market

Business negotiations with target customers in the PRC has become more active since travel restrictions were loosened. Notable improvement in sales of spare parts for tunnelling equipment was observed starting in March 2023 and continued throughout the second quarter of 2023. However, having considered the historic settlement pattern of trade receivables from its PRC operations, the Group has taken a more conservative approach on negotiation of settlement terms during the present time of economic uncertainties. The Group will continue monitoring this market with caution in the near term and focus on bidding for projects with favourable profit margin and settlement terms in order to safeguard itself from potential liquidity and credit risk exposure.

Singapore and other Asia-Pacific countries and other markets

The Group's executives travelled to overseas trade conferences and visited our overseas sales network and noted a number of public infrastructure projects are scheduled for launch in the foreseeable future in various countries in Southeast Asia, South Pacific, North America and continental Europe market. The Group's sales to overseas market recorded notable rise in the Period and the recovery trend is expected to continue in the second half of 2023. For potential sales to overseas locations, we will evaluate the logistics arrangement and negotiate with customers to minimise the Group's exposure to associated costs and responsibility.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately 156% to HK\$75.2 million for the Period, mainly driven by sales growth in the Hong Kong market, which contributed approximately HK\$50.4 million or 67% of total revenue for the Period, as compared to HK\$21.6 million from the Hong Kong market in the Comparative Period. Revenue from overseas market also improved, having recorded approximately HK\$7.7 million in revenue for the Period, as compared to nil for the Comparative Period. Revenue from the PRC market during the Period increased notably by 102% to approximately HK\$14.9 million, as compared to HK\$7.4 million for the Comparable Period. Albeit there was sign of improvement in business sentiment, the Group remained cautious in negotiating for potential business to control exposure to credit risk. Further details of the Group's revenue by business segment and geographic locations are set out in note 3 to the condensed financial information.

Cost of sales and gross profit

Cost of sales represents costs and expenses directly attributable to our revenue generating activities and predominantly comprised cost of inventories sold. The Group's cost of sales for the Period increased by approximately 155%, which was in-line with the growth in revenue.

Driven by strong revenue growth, gross profit increased by approximately 157% to HK\$24.1 million for the Period. Gross profit margin for the Period was 32.0% and remained stable as compared to a margin of 31.9% for the Comparative Period.

Other income

The other income primarily consisted of government subsidies.

Exchange loss

The Group recorded a foreign exchange loss of approximately HK\$3.2 million for the Period mainly, as a result of depreciation of Renminbi and Australian Dollars during the Period.

Selling expenses

Selling expenses mainly included freight charges and sales commission for our staff accounted for under the employee benefit expenses. Selling expenses increased to approximately HK\$4.0 million for the Period from HK\$1.0 million for the Comparative Period, mainly due to increase in sales made to overseas markets during the Period.

Management Discussion and Analysis

Administrative expenses

Administrative expenses mainly include staff costs, Directors' remuneration and benefits (both accounted for under the employee benefit expenses), legal and professional fees, depreciation and amortisation and other administrative expenses. Administrative expenses increased by HK\$0.9 million to approximately HK\$13.5 million for the Period, which was mainly due to increase in amortisation of right-of-use assets, travelling, and entertainment expenses.

Finance income and finance costs

The net amount of finance costs increased to approximately HK\$1.2 million for the Period as compared to approximately HK\$0.9 million for the Comparative Period as a result of general rise in interest rate. The finance costs are mainly related to the bank borrowings and the lease liabilities.

Income tax (expense)/credit

The income tax expense for the six months ended 30 June 2023 was approximately HK\$1.2 million, while the income tax credit for the six months ended 30 June 2022 was approximately HK\$0.1 million.

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

We recorded profit attributable to equity holders of our Company for the six months ended 30 June 2023 of approximately HK\$0.4 million, as compared to loss of approximately HK\$8.5 million for the six months ended 30 June 2022.

Liquidity, financial resources and capital structure

	Unaudited 30 June 2023 HK\$'000	Audited 31 December 2022 HK\$'000
Current assets	142,331	153,469
Current liabilities	76,838	90,854
Current ratio	1.85	1.69

During the six months ended 30 June 2023, the Group financed its operations by its internal resources and banking facilities. As at 30 June 2023, the Group had net current assets of approximately HK\$65.5 million (31 December 2022: HK\$62.6 million), including cash and cash equivalents of approximately HK\$28.7 million (31 December 2022: HK\$28.2 million). The Group's current ratio as at 30 June 2023 was 1.85 times (31 December 2022: 1.69 times).

Management Discussion and Analysis

As at 30 June 2023, the Group had a total available banking facilities of approximately HK\$36.2 million, of which approximately HK\$31.2 million was utilised and approximately HK\$5.0 million was unutilised and available for use.

There has been no change in capital structure of the Company during the six months ended 30 June 2023. As at 30 June 2023, the equity attributable to equity holders of the Company amounted to approximately HK\$94.6 million (31 December 2022: approximately HK\$94.2 million).

Gearing ratio

As at 30 June 2023, the net gearing ratio was 8.2% (31 December 2022: 11.7%), based on bank borrowings, lease liabilities and the advance from a Director, less cash and cash equivalent totaling HK\$7.8 million (31 December 2022: HK\$11.0 million) as a percentage of equity attributable to equity holders of the Company of HK\$94.6 million (31 December 2022: HK\$94.2 million).

FOREIGN CURRENCY EXPOSURE AND TREASURY POLICY

During the six months ended 30 June 2023, other than Hong Kong dollars, the major currencies of which our Group transacted in consisted primarily of Euro, Renminbi, US dollars and Australian dollars (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 30 June 2023, the Group had no capital commitment.

Management Discussion and Analysis

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 six months ended 30 June 2023.

SIGNIFICANT INVESTMENTS HELD

The Group had not held any significant investments during the six months ended 30 June 2023.

CHARGES ON ASSETS

As at 30 June 2023, a life insurance policy to Mr. Ng Lai Ming with an insured sum of US\$1,582,862 has been assigned as security for certain banking facilities.

CONTINGENT LIABILITIES

As at 30 June 2023, the Group did not have any significant contingent liabilities.

INTERIM DIVIDEND

The Board does not declare the payment of an interim dividend for the six months ended 30 June 2023.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2023, the Group had 43 staff (31 December 2022: 44). The total staff costs of the Group (including Directors' emoluments, salaries to staff, sales commission, provident fund contributions and other staff benefits) for the six months ended 30 June 2023 was approximately HK\$7.6 million (for the six months ended 30 June 2022: HK\$7.7 million). The Group determines the salaries of its employees mainly based on each employee's qualifications, relevant experience, position and seniority. The Group monitors the performance of individual employee on a continuous basis and rewards outstanding performance of the employees by salary revision, bonus and promotion where suitable. The Group maintains a good relationship with its employees and has not experienced any significant problems with its employees due to labour disputes nor any difficulty in the recruitment and retention of experienced staff.

Management Discussion and Analysis

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 of the Company dated 30 June 2017 (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. As disclosed in the announcements of the Company dated 21 December 2018, 28 July 2020, 23 March 2022 and 12 May 2023, the Board has resolved to change the usage of the unutilised net proceeds. The utilisation of net proceeds raised by the Group from the Share Offer up to 30 June 2023 are set out as follows:

	Estimated use of net proceeds as set out in the Prospectus	Adjusted use of net proceeds	Up to 30 June 2023		Expected Completion Date
	HK\$ million	HK\$ million	utilised HK\$ million	unutilised HK\$ million	
To further develop fabricated construction steel works and equipment business in the PRC	16.0	0.2	0.2	–	
To acquire and/or partly finance the expansion of fleet of specialised construction machinery and equipment	13.6	17.0	17.0	–	
To expand repair and maintenance services in the PRC for tunnelling business	5.5	0.4	0.4	–	
To expand repair and maintenance services in Australia for tunnelling business	–	2.7	2.7	–	
To renew the wear-off facilities and machineries of the repair and maintenance centres of the Group in Hong Kong and Singapore	–	0.5	0.5	–	
General working capital	3.9	19.4	18.2	1.2	On or before 31 December 2023
	39.0	40.2	39.0	1.2	

Management Discussion and Analysis

The unutilised net proceeds as at 30 June 2023 have been placed with licensed banks in Hong Kong.

The business objectives, future plans and estimated use of net proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied based on the actual development of the Group's business and the industry.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As at 30 June 2023, the interests and short positions of the Directors in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong ("SFO")), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO) or which were required pursuant to section 352 of the SFO to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long positions in shares of the Company

Director	Nature of interest	Number of shares	Percentage of the Company's issued shares capital
Mr. Ng Lai Ming (note 2)	Interest in a controlled corporation (note 1)	364,095,000	60.68%
Mr. Ng Lai Tong	Beneficial owner	29,025,000	4.84%
Mr. Ng Lai Po	Beneficial owner	4,500,000	0.75%

Notes:

- The 364,095,000 shares are owned by JAT United Company Limited ("JAT United"), which is wholly owned by Mr. Ng Lai Ming. Mr. Ng Lai Ming is deemed to be interested in all the shares held by JAT United under the SFO.
- Mr. Ng Lai Ming is the brother of Mr. Ng Lai Tong and Mr. Ng Lai Po.

Management Discussion and Analysis

Directors' interests in an associated corporation of the Company

Director	Associated corporation	Nature of interest	Number of shares/Position	Percentage of the shareholding
Mr. Ng Lai Ming	JAT United	Beneficial owner	1/Long position	100%

Save as disclosed above, as at 30 June 2023, none of the Directors or any chief executive of the Company had an interest or short position in any shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO) or which were required pursuant to section 352 of the SFO to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as the Directors are aware, as at 30 June 2023, the following person(s), not being a Director or chief executive of our Company, had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required pursuant to section 336 of the SFO to be entered in the register referred to therein or were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of our Group:

Long position in the shares of the Company

Shareholder	Capacity/Nature of interest	Number of shares	Percentage of the Company's issued shares capital
JAT United (note 1)	Beneficial owner	364,095,000	60.68%
Ms. Law So Lin (note 2)	Interest of spouse	364,095,000	60.68%
Mr. Cheung King	Beneficial owner	31,005,000	5.17%
Ms. Ng Yuk Sheung (note 3)	Interest of spouse	31,005,000	5.17%

Management Discussion and Analysis

Notes:

1. JAT United is wholly owned by Mr. Ng Lai Ming. Mr. Ng Lai Ming is deemed to be interested in all the shares held by JAT United under the SFO.
2. Ms. Law So Lin is the spouse of Mr. Ng Lai Ming, therefore she is deemed to be interested in all the shares which Mr. Ng Lai Ming is interested in.
3. Ms. Ng Yuk Sheung is the spouse of Mr. Cheung King, therefore she is deemed to be interested in all the shares held by Mr. Cheung King under the SFO.

Saved as disclosed above, as at 30 June 2023, no other person had any interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required pursuant to section 336 of the SFO to be entered in the register referred to therein.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the “Share Option Scheme”) on 19 June 2017 and no options have been granted, exercised or cancelled since then and up to the date of this report.

The Share Option Scheme shall be valid and effective for a period of 10 years from the adoption date, after which no further options may be issued.

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 six months ended 30 June 2023.

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 Rules 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 during the six months ended 30 June 2023 and up to the date of this report.

Management Discussion and Analysis

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 has adopted the code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 15 of the GEM Listing Rules and had complied with the CG Code during the six months ended 30 June 2023 and up to the date of this report, 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. The 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. The 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. The Board will from time to time review and consider splitting the roles of chairman of the Board and the chief executive officer of the Company to ensure that appropriate and timely arrangements are in place to meet changing circumstances.

COMPETING INTERESTS

None of the Directors, 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 six months ended 30 June 2023 and up to and including the date of this report.

Management Discussion and Analysis

AUDIT COMMITTEE

The members of the audit committee are Mr. Tai Wai Kwok, Ir Lo Kok Keung and Mr. Lau Chi Leung, all of whom are independent non-executive Directors. Mr. Tai Wai Kwok is the chairman of the audit committee. The audit committee has reviewed this report and has provided advice and comments thereon.

By order of the Board

M&L Holdings Group Limited

Ng Lai Ming

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 8 August 2023

As at the date of this report, the executive Directors are Mr. Ng Lai Ming, Mr. Ng Lai Tong 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.