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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)

**ANNOUNCEMENT OF THE ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

**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.

This announcement, 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 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.

FINANCIAL HIGHLIGHTS

	Year ended 31 December		% change
	2025	2024	
	<i>HK\$'000</i>	<i>HK\$'000</i>	
Revenue	82,341	67,711	21.6%
Gross profit	35,245	23,466	50.2%
Profit/(Loss) before income tax	9,941	(13,357)	174.4%
Other comprehensive income for the year	2,530	8,467	(70.1)%
Total comprehensive income for the year	11,946	(4,551)	362.5%
Earnings/(Loss) per share (<i>HK cents</i>)	1.57	(2.14)	
Equity value per share (<i>HK cents</i>)	18.9	16.7	
Gearing ratio	N/A	1.7%	

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 2025 (“Year” or “FY2025”), together with the comparative figures for the year ended 31 December 2024.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2025	2024
	Notes	HK\$'000	HK\$'000
Revenue	4	82,341	67,711
Cost of sales		<u>(47,096)</u>	<u>(44,245)</u>
Gross profit		35,245	23,466
Other income	6	40	490
Selling expenses		(6,873)	(4,005)
Administrative expenses		(27,618)	(27,085)
Gain on bargain purchase arising from acquisition of a subsidiary	13	4,716	—
Other gains and losses			
Gain on disposal of assets classified as held for sale	11	503	—
Exchange gain/(loss)		4,268	(4,662)
Reversal of impairment loss on trade receivables	9	483	1,086
Impairment loss on assets classified as held for sale	11	—	(960)
Others	6	272	142
Operating profit/(loss)		11,036	(11,528)
Finance income		289	319
Finance costs		<u>(1,384)</u>	<u>(2,148)</u>
Profit/(Loss) before income tax		9,941	(13,357)
Income tax (expense)/credit	7	<u>(525)</u>	<u>339</u>
Profit/(Loss) for the year		9,416	<u>(13,018)</u>
Other comprehensive income, net of tax			
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Surplus on revaluation of land and buildings			
— Increase in fair value		2,318	12,580
— Income tax effect		<u>(556)</u>	<u>(3,667)</u>
		1,762	8,913
<i>Item that are or may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<u>768</u>	<u>(446)</u>

	Year ended 31 December	
	2025	2024
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Other comprehensive income for the year	<u>2,530</u>	<u>8,467</u>
Total comprehensive income for the year	<u><u>11,946</u></u>	<u><u>(4,551)</u></u>
Profit/(Loss) for the year attributable to:		
Equity holders of the Company	9,426	(12,826)
Non-controlling interests	<u>(10)</u>	<u>(192)</u>
	<u><u>9,416</u></u>	<u><u>(13,018)</u></u>
Total comprehensive income for the year attributable to:		
Equity holders of the Company	11,961	(4,360)
Non-controlling interests	<u>(15)</u>	<u>(191)</u>
	<u><u>11,946</u></u>	<u><u>(4,551)</u></u>
	<i>HK cents</i>	<i>HK cents</i>
Earnings/(Loss) per share		
— Basic and diluted	<u>8</u> <u>1.57</u>	<u>(2.14)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	As at 31 December	
		2025	2024
		<i>HK\$'000</i>	<i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		21,495	5,509
Right-of-use assets		7,342	7,644
Deposits		115	451
Other investments		6,212	5,903
Pledged bank deposits		4,430	—
Deferred tax assets		1,026	964
		<u>40,620</u>	<u>20,471</u>
Current assets			
Inventories		37,866	31,085
Trade and other receivables	<i>9(a)</i>	73,104	65,558
Contract assets	<i>9(b)</i>	3,076	—
Tax recoverable		366	368
Cash and cash equivalents		17,118	23,390
		<u>131,530</u>	<u>120,401</u>
Assets classified as held for sale	<i>11</i>	—	27,546
		<u>131,530</u>	<u>147,947</u>
Current liabilities			
Trade and other payables	<i>10(a)</i>	32,620	31,688
Contract liabilities	<i>10(b)</i>	6,906	—
Dividend payable		4,363	5,530
Amount due to a director		3,000	2,000
Bank borrowings		9,787	19,692
Lease liabilities		246	1,312
Income tax liabilities		223	—
		<u>57,145</u>	<u>60,222</u>
Net current assets		<u>74,385</u>	<u>87,725</u>
Total assets less current liabilities		<u>115,005</u>	<u>108,196</u>

	As at 31 December	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities		
Bank borrowings	—	1,788
Lease liabilities	—	239
Deferred tax liabilities	1,220	5,497
Other provision	527	527
	<u>1,747</u>	<u>8,051</u>
NET ASSETS	<u>113,258</u>	<u>100,145</u>
CAPITAL AND REVERSES		
Equity attributable to equity holders of the Company		
Share capital	6,000	6,000
Reserves	106,089	92,961
	112,089	98,961
Non-controlling interests	1,169	1,184
TOTAL EQUITY	<u>113,258</u>	<u>100,145</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 24 September 2015 as an exempted company with limited liability. The shares of the Company have been listed on GEM of the Stock Exchange since 21 July 2017.

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, comprising the Company and its subsidiaries, is principally engaged in trading and lease of construction machinery and spare parts.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with HKFRS Accounting Standards which collective term includes individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

The financial statements have been prepared under the historical cost basis except for certain properties which are measured at fair value and investments in insurance contracts classified as other investments which are measured at fair value with reference to the account value.

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

It should be noted that accounting estimates and assumptions are used in the preparation of the financial statements. Although these estimates and assumptions are based on management’s best knowledge and judgment of current events and actions, actual results may ultimately differ from those estimates.

3. CHANGES IN ACCOUNTING POLICIES

3.1 Adoption of new or amendments to HKFRS Accounting Standards — effective 1 January 2025

In the current year, the Group has applied for the first time the following amendments and interpretations issued by the HKICPA, which are effective for the Group's financial statements for the annual period beginning on 1 January 2025:

Amendments to HKAS 21 and HKFRS 1 Lack of Exchangeability

The adoption of the above amendments to HKFRS Accounting Standards that are effective for the current reporting period did not have any significant impact on the Group's consolidated financial statements.

3.2 New or amendments to HKFRS Accounting Standards that have been issued but are not yet effective

The following new or amendments to HKFRS Accounting Standards have been issued, but are not yet effective and have not been early adopted by the Group.

Amendments to HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments ¹
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ¹
Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10, and HKAS 7	Annual Improvements to HKFRS Accounting Standards — Volume 11 ¹
HKFRS 18	Presentation and Disclosure in Financial Statements ²
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ²
Amendments to HK Interpretation 5	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

¹ Effective for annual periods beginning on or after 1 January 2026.

² Effective for annual/reporting periods beginning on or after 1 January 2027.

³ No mandatory effective date yet determined but available for adoption.

The Group is currently assessing the impact of these new and amendments to HKFRS Accounting Standards. Except for the below, these new and amendments to HKFRS Accounting Standards are preliminary assessed and are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 9 and HKFRS 7 clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosure requirements for investments in equity instruments designated at FVOCI and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements* ("HKAS 1"). While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* ("HKAS 8"), which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRSs. HKFRS 18 and the consequential amendments to other HKFRSs are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

4. REVENUE AND SEGMENT INFORMATION

	Year ended 31 December	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Timing of revenue recognition — At a point in time		
— Sales of goods	75,526	64,294
— Repair and maintenance services income	5,100	2,967
	<u>80,626</u>	<u>67,261</u>
Revenue from other sources		
— Machinery rental income	1,715	450
	<u>82,341</u>	<u>67,711</u>

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

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 information about 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 year (2024: 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 2025 is as follows:

	Tunnelling <i>HK\$'000</i>	Foundation <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue (all from external customers)	79,024	3,317	82,341
Cost of sales	<u>(45,133)</u>	<u>(1,963)</u>	<u>(47,096)</u>
Segment result	33,891	1,354	35,245
Gross profit %	<u>42.89%</u>	<u>40.82%</u>	42.80%
Other income			40
Selling expenses			(6,873)
Administrative expenses			(27,618)
Gain on bargain purchase arising from acquisition of a subsidiary			4,716
Other gains and losses			
Gain on disposal of assets classified as held for sale			503
Exchange gain			4,268
Reversal of impairment loss on trade receivables			483
Others			<u>272</u>
Operating profit			11,036
Finance income			289
Finance costs			<u>(1,384)</u>
Profit before income tax			9,941
Income tax expense			<u>(525)</u>
Profit for the year			<u><u>9,416</u></u>

- (b) The segment information provided to the executive Directors for the reportable segments for the year ended 31 December 2024 is as follows:

	Tunnelling <i>HK\$'000</i>	Foundation <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue (all from external customers)	63,462	4,249	67,711
Cost of sales	<u>(41,004)</u>	<u>(3,241)</u>	<u>(44,245)</u>
Segment results	22,458	1,008	23,466
Gross profit %	<u>35.39%</u>	<u>23.72%</u>	34.66%
Other income			490
Selling expenses			(4,005)
Administrative expenses			(27,085)
Other gains and losses			
Exchange loss			(4,662)
Reversal of impairment loss on trade receivables			1,086
Impairment loss on assets classified as held for sale			(960)
Others			<u>142</u>
Operating loss			(11,528)
Finance income			319
Finance costs			<u>(2,148)</u>
Loss before income tax			(13,357)
Income tax credit			<u>339</u>
Loss for the year			<u><u>(13,018)</u></u>

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

	Year ended 31 December	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Australia	33,774	7,444
Hong Kong	22,706	17,991
North America	10,891	8,656
People's Republic of China (the "PRC")	7,554	18,047
Other Asia-Pacific countries	1,645	427
Vietnam	767	8,432
Others	<u>5,004</u>	<u>6,714</u>
	<u><u>82,341</u></u>	<u><u>67,711</u></u>

- (d) The total amounts of non-current assets, other than deposits, assets arising under insurance contracts, pledged bank deposits and deferred tax assets of the Group as at 31 December 2025 and 2024 are located in the following regions:

	As at 31 December	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
The PRC	93	112
Hong Kong	1,281	3,180
Singapore	10,388	8,965
Australia	17,075	896
	<u>28,837</u>	<u>13,153</u>

- (e) Certain customers individually contributed more than 10% of the total revenue of the Group. The amount of revenue generated from these customers are disclosed as follows:

	Year ended 31 December	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Customer A	24,453	—
Customer B	16,555	20,316
Customer C	9,884	—
Customer D	9,483	N/A*
	<u>9,483</u>	<u>N/A*</u>

* not applicable as revenue of the customer for the respective year is less than 10% of the Group's revenue.

The revenue derived from the above major customers are reported under the operating segment "Tunnelling".

5. EXPENSES BY NATURE

	Year ended 31 December	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost of inventories sold		
— Carrying amount of inventories sold	45,458	42,852
— Allowance for inventories	73	605
	<u>45,531</u>	<u>43,457</u>
Employee benefit expenses	15,083	14,974
Depreciation*		
Owned property, plant and equipment	1,433	1,867
Right-of-use assets	1,429	2,329
	<u>2,862</u>	<u>4,196</u>
Short-term leases expenses	1,229	335
Auditor's remuneration		
— Audit services	750	650
— Non-audit services	96	83
	<u>96</u>	<u>83</u>

* Recorded as administrative expenses

6. OTHER INCOME AND OTHER GAINS AND LOSSES, OTHERS

	Year ended 31 December	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Other income		
Government grants	37	63
Forfeiture of unclaimed dividend	—	350
Rental income	—	77
Others	3	—
	<u>40</u>	<u>490</u>
Other gains and losses, others		
Increase in value of other investments	149	142
Gain from disposal of property, plant and equipment	123	—
	<u>272</u>	<u>142</u>

7. INCOME TAX EXPENSE/(CREDIT)

	Year ended 31 December	
	2025	2024
	HK\$'000	HK\$'000
Current tax for the year		
— Hong Kong Profits Tax	224	—
— Over provision in respect of prior years	—	(6)
	<u>224</u>	<u>(6)</u>
Deferred tax	<u>301</u>	<u>(333)</u>
Income tax expense/(credit)	<u><u>525</u></u>	<u><u>(339)</u></u>

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

The Company and its Hong Kong incorporated subsidiaries are subject to Hong Kong Profits Tax, which is calculated at tax rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Company which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 of assessable profits of this subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

Mainland China corporate income tax is provided for at the rate of 25% on the estimated assessable profits for the Group's operations in Mainland China. Singapore corporate income tax is provided for at the rate of 17% on the estimated assessable profits for the Group's operations in Singapore. Australia corporate income tax is provided for at the rate of 25%–30% on the estimated assessable profits for the Group's operations in Australia.

8. EARNINGS/(LOSS) PER SHARE

(a) Basic

The basic earnings/(loss) per share is calculated on the profit/(loss) attributable to equity holders of the Company divided by the weighted average number of ordinary shares in issue during the respective year.

	Year ended 31 December	
	2025	2024
Profit/(Loss) attributable to equity holders of the Company (HK\$'000)	9,426	(12,826)
Weighted average number of ordinary shares in issue (thousands)	<u>600,000</u>	<u>600,000</u>
Basic earnings/(loss) per share (expressed in HK cents)	<u><u>1.57</u></u>	<u><u>(2.14)</u></u>

(b) Diluted

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

9. TRADE AND OTHER RECEIVABLES AND CONTRACT ASSETS

(a) Trade and other receivables

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
Trade receivables	64,391	67,372
Less: loss allowance	(6,409)	(6,629)
	<u>57,982</u>	<u>60,743</u>
Trade receivables, net	57,982	60,743
Bills receivables	4,001	1,598
Prepayments	673	804
Deposits paid	9,322	2,356
Other receivables	944	172
VAT receivables	297	336
	<u>73,219</u>	<u>66,009</u>
Less: Non-current portion deposits	(115)	(451)
	<u>73,104</u>	<u>65,558</u>

The credit terms granted by the Group generally ranged up to 270 days (2024: 270 days). The ageing analysis of these trade receivables based on invoice date is as follows:

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
0 to 30 days	16,795	22,387
31 to 60 days	8,295	1,702
61 to 90 days	1,825	1,102
91 to 180 days	2,613	596
181 to 365 days	2,120	3,484
Over 1 year but within 2 years	7,747	8,902
Over 2 years but within 3 years	2,838	2,356
Over 3 years	22,158	26,843
	<u>64,391</u>	<u>67,372</u>
Trade receivables, gross	64,391	67,372
Less: loss allowance	(6,409)	(6,629)
	<u>57,982</u>	<u>60,743</u>
Trade receivables, net	57,982	60,743

Movements on the Group's loss allowance for trade receivables are as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
At 1 January	6,629	7,917
Impairment loss reversed	(483)	(1,086)
Exchange realignment	263	(202)
	<u>6,409</u>	<u>6,629</u>

(b) Contract assets

	As at 31 December	
	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Unbilled revenue (note)	<u>3,076</u>	<u>—</u>

Note:

Contract assets arising from unbilled revenue represents a right to consideration from the customer in exchange for goods or services transferred to the customer when that right is subject to conditions other than solely the passage of time. Upon final acceptance by the customer, the amounts recognised as contract assets on unbilled revenue are reclassified to trade receivables.

10. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

(a) Trade and other payables

	As at 31 December	
	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade payables	22,337	28,507
Accrued expenses	4,117	2,417
Other payables	2,644	764
Consideration payables for acquisition of subsidiaries (note 13)	<u>3,522</u>	<u>—</u>
	<u>32,620</u>	<u>31,688</u>

Included in trade payables as at 31 December 2025 was an amount of approximately HK\$6,287,000 (2024: HK\$6,936,000) which is interest bearing at 4% per annum.

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

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
0 to 30 days	4,493	6,059
31 to 60 days	2,943	3,097
61 to 90 days	3,311	2,523
91 to 120 days	887	—
Over 120 days	10,703	16,828
	<u>22,337</u>	<u>28,507</u>

(b) Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
Contract liabilities related to trading in steel works	<u>6,906</u>	<u>—</u>

Movements on contract liabilities are as follows:

	2025	2024
	HK\$'000	HK\$'000
At 1 January	—	395
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	—	(395)
Increase in contract liabilities as a result of receiving sales deposits during the year in respect of trading in steel works	<u>6,906</u>	<u>—</u>
At 31 December	<u>6,906</u>	<u>—</u>

11. ASSETS CLASSIFIED AS HELD FOR SALE

On 29 November 2024, the Group entered into the sales and purchase agreement with the independent third party to dispose of the industrial property located at Australia together with certain machinery and equipment (together the “Disposal Property”) at the cash consideration of AUD6,000,000 (the “Disposal”). As at 31 December 2024, the Disposal had not yet been completed. Accordingly, the Disposal Property, with a carrying amount of HK\$28,506,000, was reclassified as assets held for sale and presented separately in the consolidated statement of financial position. Following the reclassification, an impairment loss of HK\$960,000 was recognised to reduce the carrying amount of the Disposal Property to its fair value less costs to sell of HK\$27,546,000 as at 31 December 2024. The fair value of the Disposal Property was determined using the sales comparison approach, which is a Level 2 fair value measurement.

The Disposal was completed on 30 January 2025. Upon the completion, the revaluation surplus of HK\$14,806,000 previously recognised in the revaluation reserve was transferred to retained earnings. In addition, a gain on disposal of HK\$503,000 was recognised in profit or loss and included in the line item of “gain on disposal of assets classified as held for sale” for the year ended 31 December 2025.

12. DIVIDENDS

The Board does not recommend the payment of both interim and final dividends for the year ended 31 December 2025 (2024: Nil).

13. BUSINESS ACQUISITION

On 10 December 2025 (“Acquisition date”), East Focus Engineering Services Limited (“East Focus”), an indirect wholly-owned subsidiary of the Company, entered into the sale and purchase agreement with the vendors, pursuant to which East Focus has conditionally agreed to acquire, and the vendors have conditionally agreed to sell, the sale shares, representing the 100% of the shares in MEK Group Company Limited (“MEK HK”) (“Acquisition”), at the total consideration of EUR650,000 (equivalent to approximately HK\$5,870,000) and in form of cash. The reasons and benefits of this acquisition are set out in the Company’s announcement dated 10 December 2025.

The fair value of the identifiable assets and MEK HK and its subsidiary, Palmieri China Tunneling Equipment Ltd. (together “MEK Group”) as at the Acquisition date and the gain on bargain purchase arising from the Acquisition were as follows:

Recognised amounts of identifiable assets acquired and liabilities assumed:

	<i>HK\$’000</i>
Property, plant and equipment	58
Inventories	4,297
Trade receivables	6,548
Deposits	131
Other receivables	300
Cash at bank and in hand	93
Other payables	(767)
Accrued expenses	(74)
	<hr/>
Total identifiable net assets acquired at fair value	10,586

Accounting for business acquisition:

	<i>HK\$’000</i>
Consideration	5,870
Less: Fair values of net identifiable assets	<u>(10,586)</u>
	<hr/>
Gain on bargain purchase arising from the Acquisition	4,716

Analysis of the cash flows in respect of the Acquisition:

	<i>HK\$'000</i>
Cash consideration paid	(2,348)
Cash and bank balances acquired	<u>93</u>
Net outflows of cash and cash equivalents included in cash flows from investing activities	<u><u>(2,255)</u></u>

In the opinion of the Directors, the gain on bargain purchase is mainly attributable to the immediate cash realisation need of the vendors and the Group's capability in negotiating the terms of the Acquisition in favour of the Group with the vendors.

Since the Acquisition date, MEK Group did not contribute any revenue to the Group and contribute loss of HK\$221,000 to the Group's profit or loss. Had the acquisition been occurred on 1 January 2025, the revenue and profit of the Group would have been HK\$82,341,000 and HK\$7,657,000 respectively. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the Acquisition been completed on 1 January 2025, nor is it intended to be a projection of future performance.

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 (“TBM”) 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

Progress on a key tunnelling project, which commenced more than a year ago, experienced delays during the Year; furthermore, it is now expected to conclude with lower consumption of disc cutters and parts than as planned. Offsetting, this, several new projects launched in Hong Kong have begun contributing a steady stream of revenue since the latter part of the Year that is projected to continue into year 2026.

In contrast, the foundation business segment saw a contraction in revenue during the Year, underpinned by the sluggish real estate market and heightened competition. As market players aggressively bid for a dwindling number of new projects, the Group faced significant pricing pressure. Outlook of the Hong Kong market is expected to be driven by large scale infrastructure initiatives. We will closely monitor potential business opportunities associated with the “Railway Development Strategy” and the “Northern Metropolitan” development, while maintaining a disciplined bidding approach to avoid engaging in unsustainable, cut-throat price competition.

PRC market

The Group noted increase in sales enquiry and orders in the PRC market, but relatively small amount of delivery was made within year 2025, with further delivery to take place in year 2026. While management observed a gradual recovery in the tunnelling market, we also noted a shift in specifications requirement of tunnelling products in the PRC market. In order to capture the demand in the PRC market, the Group acquired a disc cutter and parts processing factory in Dongguan, the PRC and entered into a trademark licensing agreement (collective the “Acquisition”) during the Year to obtain the technical know-how on the production of disc cutters of a defined range of specifications and the exclusive license to distribution such products in the PRC and Singapore. Details of the Acquisition were set out in the announcement published by the Company on 10 December 2025. The Acquisition will enable the Group to achieve enhanced supply chain

stability and revenue diversification by leveraging the production capacity and established brand name of the Acquisition subject, which could be readily transformed into a part of the product offerings of the Group.

At the same time, the Group persistently sought to recover overdue trade balances and achieved promising results during the Year and shall maintain regular communication with debtors to expedite settlement.

Overseas market

The Group recorded an improvement in performance in overseas market during the Year, as we secured a relatively sizeable order for tunnelling products in Australia during the Year and with further orders scheduled for delivery in first half of 2026. With the new technical and production capability from the Acquisition, we shall place additional effort on developing products and engineering solution to undertake business opportunities in the Singapore. The Group is actively exploring various overseas markets and noted growing business opportunities particularly in Australia and continental Europe and expects improvement in the performance of overseas market in the coming year.

FINANCIAL REVIEW

Revenue

Revenue increased by HK\$14.6 million or 21.6% to HK\$82.3 million for the Year, as notable business improvement was recorded in the Australia, North America and Hong Kong markets, but was partly offset by reduction in revenue from the PRC market. An analysis of the Group's revenue by geographic region is set out in note 4 to the financial statements in this announcement. In terms of business segments, over 95% of revenue for the Year was derived from the tunnelling business segment, as the Group approached the highly competitive foundation business segment with caution. A discussion of business condition of different geographic region is set out in the Business Review section above.

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. Cost of sales for the Year increased by approximately HK\$2.9 million or 6.4% only, which is proportionately less than the 21.6% increase in revenue as a key contract which commenced delivery in the second half of the Year comprised higher technical specifications and yielded relatively higher profit margin, together with the result of different sale mix and more maintenance services and machinery rental income with higher profit margin recorded in the Year. Gross profit increased from HK\$23.5 million to HK\$35.2 million for the Year and a result of revenue growth and improvement of gross profit margin from 34.7% to 42.8% for the Year for reasons as aforesaid.

Other income and other gains and losses

Other income and other gains and losses comprised (i) gain on disposal of assets classified as held for sale of approximately HK\$0.5 million and (ii) gain on bargain purchase arising from the Acquisition of approximately HK\$4.7 million.

Selling expenses

Selling expenses mainly include freight charges, product warranty and repair costs, and sales commission. Selling expenses increased by approximately HK\$2.9 million to HK\$6.9 million for the Year and was mainly attributable to increase in freight and transportation costs as a result of the increase in sales to overseas market.

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. The slight increase in administrative expenses mainly contributed by the net effect of (i) increase in legal and professional fee for the Acquisition; (ii) decrease in depreciation of right-of-use assets due to the expiration and close to the end of lease contracts and (iii) indirect import tariff incurred in the PRC during the Year. While key types of administrative expenses remained stable for the Year as compared to the Previous Year, as there was no major change in the personnel and overhead structure of the Group.

Exchange gain

The Group recorded a net exchange gain of approximately HK\$4.3 million for the Year, as compared to a loss of HK\$4.7 million for the Previous Year, mainly as a result of the gradual appreciation of Renminbi and Australian Dollars, combined with significant fluctuations in Euro exchange rate during the Year.

Reversal of impairment loss on trade receivables

The Group adopted a systematic approach to assess the overall risk of default on its receivable balances and to determine whether any, and the amount of, provision for impairment is required thereon. Based on such assessment, a reversal of provision of HK\$0.5 million was recorded for the Year, as both the outstanding balance and aging profile of the receivable balances had improved, coupled with the Group's accelerated collection efforts during the Year.

Finance costs

The Group received proceeds from the disposal of property in Australia in the first quarter of the Year, resulting in more abundant cash inflow. Management therefore decided to reduce financial borrowings, thereby lowering the payment of persistently high borrowing interest. As a result, the Group incurred a finance cost of approximately HK\$1.4 million for the Year, a decrease of HK\$0.7 million from the Previous Year.

Income tax (expense)/credit

Income tax expense of HK\$0.5 million was recorded for the Year as compared to an income tax credit of HK\$0.3 million in the Previous Year since the Group had turned around from a loss to a profit for the Year.

Profit/(Loss) for the year

The Group recorded a profit of HK\$9.4 million for the Year as compared to a loss of HK\$13.0 million for the Previous Year, mainly as a result of the rise in gross profit by HK\$11.8 million, increase in selling expenses by HK\$2.9 million, favourable exchange difference of HK\$4.3 million as compared to a loss of HK\$4.7 million for the Previous Year, reduction in the reversal of provision of impairment by HK\$0.5 million, gain on bargain purchase of HK\$4.7 million recognised on acquisition of a subsidiary, decrease in net finance cost of HK\$0.7 million and the increase in provision income tax by HK\$0.9 million.

Other comprehensive income

The Group recorded other comprehensive income (net of tax) of HK\$2.5 million for the Year mainly from increase in fair value of land and buildings located in Australia and Singapore.

Liquidity, financial resources and capital structure

	31 December 2025	31 December 2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current assets	131,530	147,947
Current liabilities	57,145	60,222
Current ratio	<u>2.30</u>	<u>2.46</u>

During the year ended 31 December 2025, the Group financed its operations by its internal resources and banking facilities. As at 31 December 2025, the Group had net current assets of approximately HK\$74.4 million (31 December 2024: HK\$87.7 million),

including cash and cash equivalents of approximately HK\$17.1 million (31 December 2024: HK\$23.4 million). The Group's current ratio as at 31 December 2025 was 2.30 times (31 December 2024: 2.46 times).

As at 31 December 2025, the Group had a total available banking and other facilities of approximately HK\$13.8 million, of which approximately HK\$9.8 million was utilised and approximately HK\$4.0 million was unutilised and available for use. The Group monitors its working capital and liquidity status closely and periodically works with our banks to renew or revise financing arrangement according to the needs of the Group.

The maturity profile of the Group's borrowings as at 31 December 2025 is set out below. The carrying amounts of the bank borrowings are denominated in the HK\$.

At the end of reporting period, bank borrowings were scheduled to repay as follows:

	As at 31 December	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
On demand or within 1 year	9,787	19,692
Later than 1 year but not exceeding 2 years	<u>—</u>	<u>1,788</u>
	<u>9,787</u>	<u>21,480</u>

There has been no change in capital structure of the Company during the year ended 31 December 2025. As at 31 December 2025, the equity attributable to equity holders of the Company amounted to approximately HK\$112.1 million (31 December 2024: approximately HK\$99.0 million).

Gearing ratio

As at 31 December 2025, the Group was in a net cash position, with cash and cash equivalents of HK\$17.1 million exceeding the aggregate of bank borrowings of HK\$9.8 million, lease liabilities of HK\$0.2 million and the advance from a Director of HK\$3.0 million. Accordingly, the net gearing ratio is not applicable. For comparison, the net gearing ratio as at 31 December 2024 was 1.7%, calculated based on bank borrowings, lease liabilities and the advance from a Director, less cash and cash equivalents of HK\$1.6 million, as a percentage of equity attributable to equity holders of the Company of HK\$99.0 million.

FOREIGN CURRENCY EXPOSURE AND TREASURY POLICY

During the year ended 31 December 2025, other than Hong Kong dollars, the major currencies of which our Group transacted in consisted primarily of Euro, Renminbi 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

The Group had no capital commitment as at 31 December 2025.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group acquired the 100% of the shares of a Hong Kong company and its PRC subsidiary, which in turn holds a disc cutter production factory in Dongguan, China and is principally engaged in the business of producing and dealing in, amongst others, disc cutters in the PRC, at a consideration of €650,000. The acquisition was completed on 10 December 2025 and the financial statements of the acquired entities are consolidated into the Group since then. Details of the acquisition were set out in the announcement published by the Company on 10 December 2025.

Except for the aforesaid, the Group had no material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2025.

CHARGES ON ASSETS

As at 31 December 2025, a life insurance policy for Mr. Ng Lai Ming with an insured sum of US\$1,582,862 has been assigned as security for certain banking facilities.

SIGNIFICANT INVESTMENTS HELD

The Group had not held any significant investments during the year ended 31 December 2025.

CONTINGENT LIABILITIES

As at 31 December 2025, the Group did not have any significant contingent liabilities.

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 (the “CG Code”) as set out in Appendix C1 of the GEM Listing Rules and had complied with the CG Code throughout the year ended 31 December 2025 and up to the date of this announcement, except for the deviation stipulated below.

As required by code provision C.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.

RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

Employees and remuneration policies

The number of staff of the Group by functions as at 31 December 2025 and 2024 are as follows:

	As at 31 December	
	2025	2024
Directors	8	7
Sales & Engineering Solutions	7	8
Design & Development	7	6
Technical Services & Maintenance	7	7
Finance, Administration & Operations	17	13
Manufacturing	4	—
	50	41

The total staff costs of the Group (including Directors' emoluments, salaries to staff, sales commission and other staff benefits included provident fund contributions and other staff benefits) for the year ended 31 December 2025 was approximately HK\$15.1 million (2024: HK\$15.0 million). The Group determines the salary 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.

Customers and suppliers

The Group is committed to providing high-quality products and services to its customers. We have extensive customer networks and relationships with market participants in the PRC and various countries in Asia-Pacific and other overseas market, and we are well-positioned to capture opportunities in the construction industry. We believe that customer satisfaction is the key to our long-term success.

The Group values mutually beneficial long-term relationships with its suppliers. Steady supply of high-quality products are crucial for us. The Group is committed to developing stable and sustainable partnership among its suppliers.

ENVIRONMENTAL POLICIES

The Group has established a set of management policies, mechanisms and measures on environmental protection to ensure the sustainable development and operation of the Group. The Group strives to enhance the efficiency in the usage of energy and resources and also complies with relevant environmental regulations in Hong Kong, the PRC, Singapore and Australia.

Further information on the Company's corporate governance practices will be set out in the Corporate Governance Report contained in the Company's annual report for the year ended 31 December 2025, which will be sent to shareholders in due course.

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 the Model Code throughout the year ended 31 December 2025.

COMPETING INTERESTS

None of the Directors, substantial shareholders of the Company or their respective associates (as defined in the GEM Listing Rules) has any interest in a business which compete with the business of the Group during the year ended 31 December 2025 and up to and including the date of this announcement.

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 throughout the year and up to the date of this announcement.

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 2025.

REVIEW OF ANNUAL RESULTS

The audit committee of the Company has reviewed the consolidated financial statements of the Group for the year ended 31 December 2025 and this results announcement.

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out in this announcement have been agreed by the Group's external auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by BDO Limited 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 2025 containing all the information required by the GEM Listing Rules will be despatched to the shareholders of the Company electronically (or in printed form upon request) 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, 26 March 2026

As at the date of this announcement, the executive Directors are Mr. Ng Lai Ming, Mr. Ng Lai Tong, Mr. Ng Lai Po and Mr. Ng Yung Wong and the independent non-executive Directors are Mr. Tai Wai Kwok, Ir Lo Kok Keung, Mr. Lau Chi Leung and Ms. Luk Pui Yin Grace.

This announcement will remain on the “Latest Listed Company Information” page of the website of the Stock Exchange at www.hkexnews.hk for at least 7 days from the date of its posting and on the Company’s website at www.mleng.com.