M&L HOLDINGS GROUP LIMITED
明梁控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 8152)

SUPPLEMENTAL ANNOUNCEMENT
UPDATE ON EXPECTED TIMELINE FOR USE OF PROCEEDS

References are made to (i) the prospectus of M&L Holdings Group Limited (the "**Company**", together with its subsidiaries, the "**Group**") dated 30 June 2017 (the "**Prospectus**") in relation to the listing (the "**Listing**") of shares by the Company on GEM of The Stock Exchange of Hong Kong Limited, (ii) the announcement of the Company dated 21 December 2018 in relation to the update on the status of use of net proceeds from the Listing (the "**Net Proceeds**"), and (iii) the annual report of the Company for the year ended 31 December 2019 (the "**2019 Annual Report**") in respect of the utilization of the Net Proceeds as at 31 December 2019.

The Net Proceeds from the Listing, after deducting the underwriting fees and other Listing related expenses, amounted to approximately HK$40.2 million. As at the date of this announcement, the Group had utilized approximately HK$21.3 million of the Net Proceeds, representing approximately 53% of the Net Proceeds. The unutilised Net Proceeds amounted to approximately HK$18.9 million, representing approximately 47% of the Net Proceeds.

The utilisation of Net Proceeds raised by the Group from the Listing up to the date of this announcement is as below:

	Estimated use of Net Proceeds as set out in the Prospectus	Adjusted use of Net Proceeds *(Note)*	Up to the date of this announcement		Proposed change in use of unutilised Net Proceeds	Expected Completion Date
			utilised	unutilised		
	HK$'million	*HK$'million*	*HK$'million*	*HK$'million*	*HK$'million*	
To further develop fabricated construction steel works and equipment business in the PRC	16.0	16.5	0.2	16.3	—	
To acquire and/or partly finance the expansion of fleet of specialised construction machinery and equipment	13.6	14.0	14.0	—	16.3	On or before 31 Dec 2022
To expand repair and maintenance services in the PRC for tunnelling business	5.5	3.0	0.4	2.6	—	
To expand repair and maintenance services in Australia for tunnelling business	—	2.7	2.7	—	—	
To set up 4 to 5 sets of mobile repair and maintenance units in the PRC for tunnelling business	—	—	—	—	1.1	On or before 31 Dec 2022
To renew the wear-off facilities and machineries of the repair and maintenance centres of the Group in Hong Kong and Singapore	—	—	—	—	1.5	On or before 31 Dec 2022
General working capital	3.9	4.0	4.0	—	—	
	39.0	40.2	21.3	18.9	18.9	

Note: The adjusted use of Net Proceeds are adjusted in the same proportion to the estimated use of Net Proceeds as shown in the Prospectus based on the actual amount received by the Company, and in the same manner as shown in our announcement dated 21 December 2018.

REDEPLOYMENT OF NET PROCEEDS FROM DEVELOPMENT OF FABRICATED CONSTRUCTION STEEL WORKS AND EQUIPMENT BUSINESS IN THE PRC TOWARDS EXPANSION OF SPECIALISED CONSTRUCTION MACHINERY

As disclosed in the Prospectus, the Group intended to set up a new self-operated fabricated construction steel factory (the "**New Factory**") with the capability to carry out key steel fabrication functions such as welding and fitting works, assembly and other related ancillary activities in Guangdong Province, the PRC. It is intended that the New Factory will primarily focus on (i) the manufacture of Technically More Complex M&L Custom-made products (the "**M&L Custom-made Products**"); and (ii) manufacture of the required steel structure and assemble to our jointly developed reverse circulation drilling ("**RCD**") rig with the M&L-Palmieri brand for foundation projects. It is also intended to seek for suitable facilities with the following selection criteria (the "**Selection Criteria**"): 1) it shall involve minimal or no additional construction works; 2) it shall have good accessibility to the transportation network to facilitate efficient delivery of finished products to our customers; 3) it shall be built on land with valid property ownership certificate for industrial purpose so as to ensure the Group could operate legally in the PRC and enable the Group to apply for relevant permits and licenses in connection with the establishment and operations of the New Factory, e.g. Environmental Safety Certificate, Fire Safety Certificate; 4) its rental cost shall be within our budget as disclosed in the Prospectus; and 5) it shall be single floor on the ground level, with the minimum height of 10 meters, and minimum length and width without column in-between of 100 and 25 meters respectively. We intended to enter into a lease agreement, and complete renovation and installation of equipment on or before 31 December 2017, and commence trial operation by the first half of 2018.

After the Listing, Mr. Cheung King, a director of the Group's fabricated construction steel works division, together with other executive directors of the Company, had visited various industrial properties extensively in Foshan, Dongguan and Huizhou in Guangdong Province. However, the Group could not identify any industrial property that matched with the Selection Criteria, which were mainly due to (i) the unavailability of property ownership certificate specifying industrial purpose; or (ii) the asking rents exceeded our budget.

The Group had seen a decrease in demand for our products and services from customers in Hong Kong, decreasing from turnover of HK$42 million in the year 2017 to HK$33 million in 2018, and had in turn adversely affected the demand for M&L Custom-made Products, as most of the demand for M&L Custom-made Products were derived from customers in Hong Kong. To curb the impact from the persistent slowdown in Hong Kong market, the Group keeps on exploring business opportunities from customers in global markets, e.g. countries in Oceania, Europe and Americas. Although the turnover from Hong Kong was further dipped to HK$12 million in 2019, we saw an increase in demand for M&L Custom-made Products in 2019 as compared to 2018, as most of the demand from new customers of global markets were related to M&L Custom-made

Products. As at the date of the 2019 Annual Report on 31 March 2020, the Company was still committed to utilise the unutilised Net Proceeds of HK$16.3 million towards this business objective. However, as disclosed in the 2019 Annual Report, since the outbreak of Coronavirus Disease 2019 (the "**COVID-19 Pandemic**") in early 2020, a series of precautionary and quarantine control measures have been implemented in the PRC and Hong Kong, the Company was unable to formulate a definitive timetable in relation to the unutilised Net Proceeds as the development of the COVID-19 Pandemic on global economic conditions changed rapidly.

As at the date of this announcement, the COVID-19 Pandemic is still developing and getting worse than that of the date of the 2019 Annual Report on 31 March 2020. Due to the latest development of COVID-19 Pandemic, more restrictive measurement between Hong Kong and Guangdong Province had been implemented. Meanwhile, running the New Factory would require Hong Kong employees of the Group to travel extensively between Hong Kong and Guangdong Province for daily operation and supervision. The Group considers that the business objective of setting up the New Factory may not be executed in the foreseeable future. The Board of directors of the Company (the "**Board**") had decided to reallocate the unutilised Net Proceeds of HK$16.3 million from the business objective of setting up of the New Factory to acquiring and/or partly financing the expansion of fleet of specialised construction machinery and equipment. The planned usage and timeline of the unutilised Net Proceeds of HK$16.3 million are as follows:

a) HK$9.0 million for acquisition of two sets of RCD rig, manufacture of the steel structure by subcontractor and complete the assembly of the set of RCD rig in our Hong Kong warehouse, which will be made available for leasing and/or trading upon completion. We expect to complete the first set on or before 31 December 2021 and the second set on or before 31 December 2022.

b) HK$7.3 million for acquisition of three sets of vibrodriver from PTC or similar construction machineries, which will be made available for leasing and/or trading upon completion. We expect to complete the first set on or before 31 December 2020, the second set on or before 31 December 2021, and the third set on or before 31 December 2022.

UPDATE ON NET PROCEEDS ON REPAIR AND MAINTENANCE SERVICES FOR TUNNELLING BUSINESS

The Group had intended to utilise approximately HK$5.7 million of the Net Proceeds for the expansion of our repair and maintenance services for tunnelling business in the PRC. As disclosed in the announcement dated 21 December 2018, as anticipated of better prospects in the Australia market, the Group had reallocated approximately HK$2.7 million of the Net Proceeds for expanding our repair and maintenance services for tunnelling business in Australia, in which the expansion works had been completed and the workshop started to operate in 2019.

As at the date of this announcement, the remaining balance of unutilised Net Proceeds for the expansion of our repair and maintenance services for the tunnelling business in the PRC is HK$2.6 million. Given that our PRC customers requested, the Group deploys the mobile repair and maintenance unit to their construction sites and undertake the repair and maintenance services there, instead of sending back the disc cutters to our subcontractor's workshop in Dongguan for repair and maintenance services. The Board had decided to set up more mobile repair and maintenance units, but stop setting up the fixed repair and maintenance centre in Guangdong Province. The Group is currently maintaining two repair and maintenance centres in Hong Kong and Singapore respectively, in which some machines and facilities have been operated for long period of over 10 years and suffered certain level of wear-off. In order to maintain the standard of the repair and maintenance services of the two centres, the Board had adjusted the Net Proceeds from stop setting up the fixed repair and maintenance centre in the PRC to the renewal of wear-off facilities and machine in these two centres. The planned usage and timeline of the unutilised Net Proceeds of HK$2.6 million are as follows:

a) HK$1.1 million for setting up 4 to 5 sets of mobile repair and maintenance units for deploying to customers construction sites in the PRC on or before 31 December 2022; and

b) HK$1.5 million for renewal of wear-off facilities and machineries of the two repair and maintenance centres of the Group in Hong Kong and Singapore on or before 31 December 2022.

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

Hong Kong, 28 July 2020

This announcement, for which the directors of the Company (the ***"Directors"****) 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 of Hong Kong Limited 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, Mr. Cheung King and Mr. Ng Lai Po and the independent non-executive Directors are Mr. Tai Wai Kwok, Ir Lo Kok Keung and Mr. Lau Chi Leung.

This announcement will remain on the "Latest 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.