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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)

CHANGE IN USE OF PROCEEDS

Reference is 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 announcement of the Company dated 28 July 2020 in relation to the update on expected timeline for use of Net Proceeds (the “2020 UOP Announcement”).

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 utilised approximately HK\$21.3 million of the Net Proceeds, representing approximately 53.0% of the Net Proceeds. The unutilised Net Proceeds amounted to approximately HK\$18.9 million, representing approximately 47.0% of the Net Proceeds.

The prolonged COVID-19 outbreak and travel restrictions has hindered the Group’s expansion plan and there has been no utilisation of Net Proceeds since the 2020 UOP Announcement and it is expected the implementation of the various expansion plan will be further delayed. Furthermore, the Group adopted a more prudent approach to assess and undertake any expansion plan in order to conserve its capital resources until a more clear sign of recovery is observed. In view of the present circumstances, management determined that it is to the benefit of the Group to utilise the Company’s cash reserves to finance for ordinary operations of the Group in Hong Kong, which has recorded a growth in revenue in the past year, and to lessen the Group’s external financing needs for savings in interest costs. The Board has therefore resolved to change the intended usage and timeline for utilisation of Net Proceeds as below:

	Estimated use of Net Proceeds as set out in the Prospectus HK\$'million	Adjusted use of Net Proceeds as set out in the 2020 UOP Announcement HK\$'million	Up to the date of this announcement		Proposed change in use of unutilised Net Proceeds HK\$'million	Updated expected completion date
			<u>utilised</u> HK\$'million	<u>unutilised</u> HK\$'million		
To further develop fabricated construction steel works and equipment business in the PRC	16.0	0.2	0.2	–	–	N/A
To acquire and/or partly finance the expansion of fleet of specialised construction machinery and equipment	13.6	30.3	14.0	16.3	8.0	On or before 31 Dec 2024 (note 1)
To expand repair and maintenance services in the PRC for tunnelling business	5.5	0.4	0.4	–	–	N/A
To expand repair and maintenance services in Australia for tunnelling business	–	2.7	2.7	–	–	N/A
To set up 4 to 5 sets of mobile repair and maintenance units in the PRC for tunnelling business	–	1.1	–	1.1	–	N/A
To renew the wear-off facilities and machineries of the repair and maintenance centres of the Group in Hong Kong and Singapore	–	1.5	–	1.5	1.5	On or before 31 Dec 2023 (note 2)
General working capital	3.9	4.0	4.0	–	9.4	On or before 31 Dec 2023
	39.0	40.2	21.3	18.9	18.9	

Notes:

1. The planned usage and timeline of the unutilised net proceeds of HK\$8.0 million are as follow:
 - (a) HK\$4.0 million for acquisition of one of reverse circulation drilling (“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 on or before 31 December 2024;
 - (b) HK\$4.0 million for acquisition of one to two 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 2023 and the second set on or before 31 December 2024.
2. The planned usage and timeline of the unutilised net proceeds of 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 2023.

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

Hong Kong, 23 March 2022

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 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.