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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 2024**

**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
	2024	2023	
	<i>HK\$'000</i>	<i>HK\$'000</i>	
Revenue	67,711	153,748	-56.0%
Gross profit	23,466	55,457	-57.7%
(Loss)/Profit before income tax	(13,357)	9,446	N.A.
Other comprehensive income for the year	8,467	2,206	+283.8%
Total comprehensive income for the year	(4,551)	9,468	N.A.
(Loss)/Earnings per share (<i>HK cents</i>)	(2.14)	1.15	
Equity value per share (<i>HK cents</i>)	16.7	17.4	
Gearing ratio	1.7%	4.7%	

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 2024, together with the comparative figures for the year ended 31 December 2023.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2024	2023
	Notes	HK\$'000	HK\$'000
Revenue	4	67,711	153,748
Cost of sales		<u>(44,245)</u>	<u>(98,291)</u>
Gross profit		23,466	55,457
Other income	6	490	558
Selling expenses		(4,005)	(13,690)
Administrative expenses		(27,085)	(27,290)
Other gains and losses			
Exchange loss		(4,662)	(1,909)
Reversal of/(Provision for) impairment of trade receivables	9	1,086	(1,094)
Impairment loss on assets classified as held for sale	11	(960)	—
Others	6	142	119
Operating (loss)/profit		<u>(11,528)</u>	12,151
Finance income		319	316
Finance costs		<u>(2,148)</u>	<u>(3,021)</u>
(Loss)/Profit before income tax		<u>(13,357)</u>	9,446
Income tax credit/(expense)	7	339	(2,184)
(Loss)/Profit for the year		<u>(13,018)</u>	<u>7,262</u>
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss:</i>			
Revaluation of land and buildings			
— Increase in fair value		12,580	2,997
— Income tax effect		<u>(3,667)</u>	<u>(824)</u>
		8,913	2,173
<i>Item that may be reclassified to profit or loss:</i>			
Currency translation differences		<u>(446)</u>	<u>33</u>
Other comprehensive income for the year		<u>8,467</u>	<u>2,206</u>
Total comprehensive income for the year		<u><u>(4,551)</u></u>	<u><u>9,468</u></u>

	Year ended 31 December	
	2024	2023
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss)/Profit for the year attributable to:		
Equity holders of the Company	(12,826)	6,888
Non-controlling interests	(192)	374
	<u>(13,018)</u>	<u>7,262</u>
Total comprehensive income for the year attributable to:		
Equity holders of the Company	(4,360)	9,096
Non-controlling interests	(191)	372
	<u>(4,551)</u>	<u>9,468</u>
	<i>HK cents</i>	<i>HK cents</i>
(Loss)/Earnings per share		
— Basic and diluted	8 (2.14)	1.15

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2024	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		5,509	25,977
Right-of-use assets		7,644	7,799
Deposits		451	172
Other investments		5,903	5,601
Deferred tax assets		964	1,532
		20,471	41,081
Current assets			
Inventories		31,085	33,057
Trade and other receivables	9	65,558	77,801
Tax recoverable		368	360
Cash and cash equivalents		23,390	28,304
		120,401	139,522
Assets classified as held for sale	11	27,546	—
		147,947	139,522
Current liabilities			
Trade and other payables	10(a)	31,688	31,127
Contract liabilities	10(b)	—	395
Dividend payable		5,530	5,880
Amounts due to directors		2,000	3,727
Bank borrowings		19,692	24,586
Lease liabilities		1,312	1,350
Current tax liabilities		—	1,134
		60,222	68,199
Net current assets		87,725	71,323
Total assets less current liabilities		108,196	112,404

	As at 31 December	
	2024	2023
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities		
Bank borrowings	1,788	3,482
Lease liabilities	239	540
Deferred tax liabilities	5,497	3,071
Other provision	527	615
	<u>8,051</u>	<u>7,708</u>
Net assets	<u>100,145</u>	<u>104,696</u>
CAPITAL AND RESERVES		
Equity attributable to equity holders of the Company		
Share capital	6,000	6,000
Reserves	92,961	97,321
	<u>98,961</u>	103,321
Non-controlling interests	<u>1,184</u>	<u>1,375</u>
Total equity	<u>100,145</u>	<u>104,696</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

M&L Holdings Group Limited (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 of Hong Kong Limited (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 Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations (hereinafter collectively referred to as the “HKFRSs”) 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 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

(a) Adoption of new or amendments to HKFRSs — effective 1 January 2024

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 2024:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current liabilities with Covenants
Amendments to HK Interpretation 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback

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

(b) New or amendments to HKFRSs that have been issued but are not yet effective

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

Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability ¹
Amendments to HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments ²
HKFRS 18	Presentation and Disclosure in Financial Statements ³
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ³
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity 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 ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10, and HKAS 7	Annual Improvements to HKFRS Accounting Standards — Volume 11 ²

¹ Effective for annual periods beginning on or after 1 January 2025.

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual/reporting periods beginning on or after 1 January 2027.

⁴ No mandatory effective date yet determined but available for adoption.

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

HKFRS 18 replaces HKAS 1 Presentation of Financial Statements. 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, 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.

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.

4. REVENUE AND SEGMENT INFORMATION

	Year ended 31 December	
	2024	2023
	<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	64,294	149,184
— Repair and maintenance services income	2,967	4,150
	<u>67,261</u>	<u>153,334</u>
Revenue from other sources		
— Machinery rental income	450	414
	<u>450</u>	<u>414</u>
	<u>67,711</u>	<u>153,748</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 (2023: 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 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 of 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>(13,018)</u>

- (b) The segment information provided to the executive Directors for the reportable segments for the year ended 31 December 2023 is as follows:

	Tunnelling <i>HK\$'000</i>	Foundation <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue (all from external customers)	149,911	3,837	153,748
Cost of sales	<u>(95,652)</u>	<u>(2,639)</u>	<u>(98,291)</u>
Segment results	54,259	1,198	55,457
Gross profit %	<u>36.19%</u>	<u>31.22%</u>	36.07%
Other income			558
Selling expenses			(13,690)
Administrative expenses			(27,290)
Other gains and losses			
Exchange loss			(1,909)
Provision for impairment of trade receivables			(1,094)
Others			<u>119</u>
Operating profit			12,151
Finance income			316
Finance costs			<u>(3,021)</u>
Profit before income tax			9,446
Income tax expense			<u>(2,184)</u>
Profit for the year			<u><u>7,262</u></u>

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

	Year ended 31 December	
	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
The PRC	18,047	28,765
Hong Kong	17,991	72,229
United States of America	8,656	34,017
Vietnam	8,432	—
Australia	7,444	10,099
Other Asia-Pacific countries	427	5,327
Others	<u>6,714</u>	<u>3,311</u>
	<u><u>67,711</u></u>	<u><u>153,748</u></u>

- (d) The total amounts of non-current assets, other than deposits, assets arising under insurance contracts and deferred tax assets of the Group as at 31 December 2024 and 2023 are located in the following regions:

	As at 31 December	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	3,180	4,192
Singapore	8,965	8,645
Australia	896	20,756
The PRC	112	183
	<u>13,153</u>	<u>33,776</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	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Customer A	20,316	70,852
Customer B	17,452	N.A.*
Customer C	8,432	—
Customer D	7,742	32,225
	<u>7,742</u>	<u>32,225</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	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost of inventories sold		
— Carrying amount of inventories sold	42,852	96,446
— Allowance for inventories	605	—
	<hr/>	<hr/>
	43,457	96,446
Employee benefit expenses	14,974	15,091
Depreciation*		
— Owned property, plant and equipment	1,867	2,171
— Right-of-use assets	2,329	2,198
	<hr/>	<hr/>
	4,196	4,369
Short-term leases expenses	335	563
Auditor's remuneration		
— Audit services	650	650
— Non-audit services	83	78
	<hr/> <hr/>	<hr/> <hr/>

* Recorded as administrative expenses

6. OTHER INCOME AND OTHER GAINS AND LOSSES — OTHERS

	Year ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
Other income		
Government grant (note)	63	87
Forfeiture of unclaimed dividend	350	467
Rental income	77	—
Others	—	4
	<u>490</u>	<u>558</u>
Other gains and losses — others		
Increase in value of other investments	142	114
Gain from disposal of property, plant and equipment	—	5
	<u>142</u>	<u>119</u>

Note:

During the year, the Group received various subsidies totalling HK\$63,000 (2023: HK\$87,000) from the governments of Singapore and the PRC (2023: Singapore and Australia) mainly to help entities to retain their employees.

7. INCOME TAX (CREDIT)/EXPENSE

	Year ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
Current tax for the year		
— Hong Kong Profits Tax	—	1,134
— Over provision in respect of prior years	(6)	—
	<u>(6)</u>	<u>1,134</u>
Deferred tax	<u>(333)</u>	<u>1,050</u>
Income tax (credit)/expense	<u><u>(339)</u></u>	<u><u>2,184</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. (LOSS)/EARNINGS PER SHARE

(a) Basic

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

	Year ended 31 December	
	2024	2023
(Loss)/Profit attributable to equity holders of the Company (HK\$'000)	(12,826)	6,888
Weighted average number of ordinary shares in issue (thousands)	<u>600,000</u>	<u>600,000</u>
Basic (loss)/earnings per share (expressed in HK cents)	<u><u>(2.14)</u></u>	<u><u>1.15</u></u>

(b) Diluted

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

9. TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2024	2023
	HK\$'000	HK\$'000
Trade receivables	67,372	75,661
Less: loss allowance	<u>(6,629)</u>	<u>(7,917)</u>
Trade receivables — net	60,743	67,744
Bills receivables	1,598	2,569
Prepayments	804	1,337
Deposits paid	2,356	5,135
Other receivables	172	678
VAT receivable	<u>336</u>	<u>510</u>
	66,009	77,973
Less: Non-current portion deposits	<u>(451)</u>	<u>(172)</u>
	<u><u>65,558</u></u>	<u><u>77,801</u></u>

The credit terms granted by the Group generally ranged up to 270 days (2023: 270 days). The ageing analysis of these trade receivables based on invoice date is as follows:

	As at 31 December	
	2024	2023
	HK\$'000	HK\$'000
0 to 30 days	22,387	17,089
31 to 60 days	1,702	3,227
61 to 90 days	1,102	1,159
91 to 180 days	596	5,205
181 to 365 days	3,484	5,691
Over 1 year but within 2 years	8,902	3,361
Over 2 years but within 3 years	2,356	7,609
Over 3 years	<u>26,843</u>	<u>32,320</u>
Trade receivables, gross	67,372	75,661
Less: loss allowance	<u>(6,629)</u>	<u>(7,917)</u>
Trade receivables, net	<u><u>60,743</u></u>	<u><u>67,744</u></u>

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

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
As at 1 January	7,917	7,003
Impairment losses charged to profit or loss	—	1,094
Impairment loss reversed	(1,086)	—
Exchange difference	(202)	(180)
	<hr/>	<hr/>
As at 31 December	<u>6,629</u>	<u>7,917</u>

10. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

(a) Trade and other payables

	As at 31 December	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	28,507	25,922
Accrued expenses and other payables	3,181	5,205
	<hr/>	<hr/>
	<u>31,688</u>	<u>31,127</u>

Included in trade payables as at 31 December 2024 was an amount of HK\$6,936,000 (2023: HK\$4,076,000) 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	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 30 days	6,059	3,281
31 to 60 days	3,097	7,202
61 to 90 days	2,523	1,311
91 to 120 days	—	429
Over 120 days	16,828	13,699
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	<u>28,507</u>	<u>25,922</u>

(b) Contract liabilities

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue.

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

	As at 31 December	
	2024	2023
	HK\$'000	HK\$'000
Contract liabilities related to trading in spare parts	—	395

Movements on contract liabilities are as follows:

	2024	2023
	HK\$'000	HK\$'000
As at 1 January	395	11,473
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)	(11,473)
Increase in contract liabilities as a result of receiving sales deposits during the year in respect of trading in spare parts	—	395
As at 31 December	—	395

11. ASSETS CLASSIFIED AS HELD FOR SALE

In August 2024, the Group began to market an industrial use property located in Australia which was accounted for as Property, plant and equipment. 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 million (the “Disposal”). The sale of Disposal Property is expected to be completed within a year from the reporting date. Accordingly, the Disposal Property, with the carrying amount of HK\$28,506,000, is reclassified as assets held for sale and are 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 as at 31 December 2024, which amounted to HK\$27,546,000. The fair value of the Disposal Property was determined using the sales comparison approach, which is a Level 2 fair value measurement. Subsequent to the reporting period, the Disposal was completed on 30 January 2025.

12. DIVIDENDS

The Board does not recommend the payment of both interim and final dividends for the year ended 31 December 2024 (2023: Nil).

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

The progress of a key tunnelling project that we have been serving has been suspended during the Year, leading to reduced consumption of cutting tools and parts; accordingly orders for tunnelling products placed by our customer declined substantially as compared to the Previous Year. Performance of the foundation business segment remained relatively sluggish during the Year owing to the uncertain condition of the real estate market. Competition in the foundation business segment remained keen as market players are determined to bid for declining number of new projects. Outlook of the Hong Kong market is expected to be driven by large scale infrastructure projects and we will closely monitor potential business opportunities associated with the “Railway Development Strategy” and the “Northern Metropolitan” development, while being cautious not to engage in cut-throat price competition.

PRC market

Owing to uncertain economic conditions and relatively few large scale tunnelling project being launched in the past few years, the Group took a cautious approach and refrained from excessive price competition and remained focused on recovery of receivables and working capital management. All aforesaid factors lead to a declined performance in the PRC market for the Year. However, we observed a gradual recovery in the tunnelling market during the Year and the Group will mainly target for projects undertaken by the PRC customers at overseas locations with favourable profit margin and settlement terms. Moreover, we are working with our key supplier in the PRC to broaden products offering to better serve the technical needs of our potential customers and enhance our competitiveness from both the engineering-solution and pricing perspectives. At the same time, the Group will continue negotiation with customers to hasten recovery of overdue trade balances.

Overseas market

A relatively sizeable overseas project from Previous Year is substantially completed during the Year and therefore contributed less revenue. 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 decreased by HK\$86.0 million or 56.0% to approximately HK\$67.7 million for the Year, as compared to approximately HK\$153.7 million for the year ended 31 December 2023 (“Previous Year”). The decrease in revenue was due to a drop in revenue from the tunnelling business segment by approximately HK\$86.4 million while revenue from the foundation business segment remained relatively negligible. Reasons for the decline in revenue for the Year were 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 decreased by approximately HK\$54.0 million or 55.0%, which generally coincides with the decrease in revenue. Gross profit decreased from HK\$55.5 million to HK\$23.5 million for the Year while gross profit margin dropped slightly from 36.1% to 34.7% for the Year as a result of different sales mix.

Other income

Other income mainly comprised forfeiture of dividend which remained unclaimed by non-controlling shareholders of a subsidiary.

Selling expenses

Selling expenses mainly include freight charges and sales commission. Selling expenses decreased by approximately HK\$9.7 million to HK\$4.0 million for the Year and was mainly attributable to drop in freight and transportation costs as a result of the decrease 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. All 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 loss

The Group recorded a net exchange loss of approximately HK\$4.7 million for the Year, as compared to a loss of HK\$1.9 million for the Previous Year, as a result of further depreciation of Australian Dollars and Renminbi during the Year.

Reversal of/(Provision for) impairment of 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\$1.1 million was recorded for the Year, as both the outstanding balance and aging profile of the receivable balances had improved.

Finance costs

The Group generated a cash flow of approximately HK\$6.2 million from operating activities during the Year which reduced its needs for external financing. As a result, the Group incurred a finance cost of approximately HK\$2.1 million for the Year, a decrease of HK\$0.9 million from the Previous Year.

Income tax credit/(expense)

Income tax credit of HK\$0.3 million was recorded for the Year as compared to an income tax expense of HK\$2.2 million in the Previous Year since the Group had turned around from a profit to a loss for the Year.

(Loss)/profit for the year

The Group recorded a loss of HK\$13.0 million for the Year as compared to a profit of HK\$7.3 million for the Previous Year, mainly as a result of the drop in gross profit of HK\$32.0 million, decrease in selling expenses by HK\$9.7 million, rise in exchange loss by HK\$2.8 million, reduction in the provision of impairment recognised amounting to HK\$2.2 million, decrease in finance cost of HK\$0.9 million and the reduction in provision income tax of HK\$2.5 million.

Other comprehensive income

The Group recorded other comprehensive income (net of tax) of HK\$8.9 million for the Year from increase in fair value of land and buildings mainly located in Australia.

Liquidity, financial resources and capital structure

	31 December 2024	31 December 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current assets	147,947	139,522
Current liabilities	60,222	68,199
Current ratio	2.46	2.05

During the year ended 31 December 2024, the Group financed its operations by its internal resources and banking facilities. As at 31 December 2024, the Group had net current assets of approximately HK\$87.7 million (31 December 2023: HK\$71.3 million), including cash and cash equivalents of approximately HK\$23.4 million (31 December 2023: HK\$28.3 million). The Group's current ratio as at 31 December 2024 was 2.46 times (31 December 2023: 2.05 times).

As at 31 December 2024, the Group had a total available banking and other facilities of approximately HK\$33.5 million, of which approximately HK\$21.5 million was utilised and approximately HK\$12.0 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 2024 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	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
On demand or within 1 year	19,692	24,586
Later than 1 year but not exceeding 2 years	1,788	1,687
Later than 2 years but not exceeding 5 years	—	1,795
	21,480	28,068

There has been no change in capital structure of the Company during the year ended 31 December 2024. As at 31 December 2024, the equity attributable to equity holders of the Company amounted to approximately HK\$99.0 million (31 December 2023: approximately HK\$103.3 million).

Gearing ratio

As at 31 December 2024, the net gearing ratio was 1.7% (31 December 2023: 4.7%), based on bank borrowings, lease liabilities and the advance from a Director, less cash and cash equivalent totalling HK\$1.6 million (31 December 2023: HK\$4.9 million) as a percentage of equity attributable to equity holders of the Company of HK\$99.0 million (31 December 2023: HK\$103.3 million).

FOREIGN CURRENCY EXPOSURE AND TREASURY POLICY

During the year ended 31 December 2024, 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

On 29 November 2024, the Group has entered into two inter-conditional agreements for the disposal and purchase of two industrial properties in Australia at a disposal consideration of Australian Dollars 6.0 million and purchase consideration of Australian Dollars 2.75 million respectively. The disposal transaction and the purchase transaction were subsequently completed on 30 January 2025.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group had no material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2024.

CHARGES ON ASSETS

As at 31 December 2024, 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 2024.

CONTINGENT LIABILITIES

As at 31 December 2024, 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 2024 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 2024 and 2023 are as follows:

	As at 31 December	
	2024	2023
Directors	7	6
Sales & Engineering Solutions	8	8
Design & Development	6	5
Technical Services & Maintenance	7	11
Finance, Administration & Operations	13	13
	<u>41</u>	<u>43</u>

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 2024 was approximately HK\$15.0 million (2023: HK\$15.1 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 2024, 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 2024.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The forthcoming annual general meeting of the Company (the "AGM") will be held on Tuesday, 24 June 2025. The register of members of the Company will be closed from Thursday, 19 June 2025 to Tuesday, 24 June 2025 (both days inclusive), during which period no transfer of shares will be registered, for purpose of determining the right to attend and vote at the AGM. All transfer of the Company's shares together with the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong no later than 4:30 p.m. on Wednesday, 18 June 2025 in order for the holders of the shares to qualify to attend and vote at the AGM or any adjournment thereof.

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 2024 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 2024.

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 2024 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 2024 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 2024 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, 28 March 2025

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, 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.