



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



2017

THIRD QUARTERLY REPORT

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

GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors (the “Directors”) of M&L Holdings Group Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the 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 report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

THIRD QUARTERLY RESULTS

The board of Directors (the "Board") of M&L Holdings Group Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the three months and nine months ended 30 September 2017, together with the comparative figures for the corresponding period in 2016.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2017

	Notes	Unaudited		Unaudited	
		Three months ended		Nine months ended	
		30 September		30 September	
		2017	2016	2017	2016
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	3	29,660	56,803	127,478	194,119
Cost of sales		(19,872)	(34,888)	(92,381)	(135,341)
Gross profit		9,788	21,915	35,097	58,778
Other income		6	48	512	374
Other losses, net		-	-	(233)	-
Selling expenses		(1,494)	(1,702)	(3,530)	(5,720)
Administrative expenses					
- Legal and professional fee					
for listing preparation		(5,197)	(1,123)	(11,498)	(2,693)
- Others		(9,626)	(7,077)	(21,941)	(26,056)
Operating (loss)/profit		(6,523)	12,061	(1,593)	24,683
Finance income		4	8	10	11
Finance costs		(171)	(195)	(566)	(672)
(Loss)/profit before income tax		(6,690)	11,874	(2,149)	24,022
Income tax expenses	4	(236)	(1,781)	(2,340)	(4,579)
(Loss)/profit for the period		(6,926)	10,093	(4,489)	19,443
Other comprehensive income/(loss)					
Item that may be reclassified to profit or loss:					
Currency translation differences		245	(303)	943	164
Total comprehensive (loss)/income		(6,681)	9,790	(3,546)	19,607

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the three months and nine months ended 30 September 2017

	Notes	Unaudited		Unaudited	
		Three months ended		Nine months ended	
		30 September		30 September	
		2017	2016	2017	2016
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Loss)/profit for the period attributable to:					
Equity holders of the Company		(6,932)	9,816	(4,845)	18,767
Non-controlling interests		6	277	356	676
		(6,926)	10,093	(4,489)	19,443
Total comprehensive (loss)/income attributable to:					
Equity holders of the Company		(6,689)	9,518	(3,904)	18,934
Non-controlling interests		8	272	358	673
		(6,681)	9,790	(3,546)	19,607
(Loss)/earnings per share					
– Basic and diluted (HK cents)	5	(1.20)	2.18	(0.99)	4.19

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the nine months ended 30 September 2017

Attributable to equity holders of the Company						
	Share capital HK\$'000	Reserves HK\$'000	Share premium HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2017 (audited)	–	79,128	9,500	88,628	2,857	91,485
(Loss)/profit for the period	–	(4,845)	–	(4,845)	356	(4,489)
Other comprehensive income:						
Currency translation differences	–	941	–	941	2	943
Total comprehensive (loss)/income for the period	–	(3,904)	–	(3,904)	358	(3,546)
Transactions with owners:						
Proceeds from shares issued	6,000	–	53,832	59,832	–	59,832
Dividends declared to the equity holders of the Company	–	(18,000)	–	(18,000)	–	(18,000)
Dividends declared to non-controlling interests	–	–	–	–	(1,470)	(1,470)
At 30 September 2017 (unaudited)	6,000	57,224	63,332	126,556	1,745	128,301
At 1 January 2016 (audited)	–	69,879	–	69,879	2,277	72,156
Profit for the period	–	18,767	–	18,767	676	19,443
Other comprehensive income/(loss):						
Currency translation differences	–	167	–	167	(3)	164
Total comprehensive income for the period	–	18,934	–	18,934	673	19,607
Transactions with owners:						
Proceeds from shares issued	–	–	9,500	9,500	–	9,500
Dividends declared to the equity holders of the Company	–	(11,500)	–	(11,500)	–	(11,500)
Dividends declared to non-controlling interests	–	–	–	–	(326)	(326)
At 30 September 2016 (unaudited)	–	77,313	9,500	86,813	2,624	89,437

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION

M&L Holdings Group Limited (the “Company”) was incorporated in the Cayman Islands on 24 September 2015 as an exempted company with limited liability under the Companies Law (as revised) of the Cayman Islands. The address of the Company’s registered office is PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The Company is an investment holding company and its subsidiaries are principally engaged in trading and lease of construction machinery and spare parts.

Pursuant to the group reorganisation as set out in the section headed “History and Corporate Structure” in the Company’s listing prospectus dated 30 June 2017 (the “Prospectus”), which was completed on 26 January 2016 (the “Reorganisation”), the Company became the holding company of its subsidiaries now comprising the Group. The shares of the Company were listed (the “Listing”) on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 21 July 2017 (the “Listing Date”). The condensed consolidated financial information of the Group has been prepared as if the Group had always been in existence throughout both periods presented, or since the respective dates of incorporation or establishment of the group companies, rather than from the date when the Company became the holding company pursuant to the Reorganisation.

This condensed consolidated financial information is presented in HK dollars (“HK\$”), unless otherwise stated.

The condensed consolidated financial information of the Group for the nine months ended 30 September 2017 which have not been audited were approved for issue by the board of directors on 8 November 2017.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

This condensed consolidated financial information for the nine months ended 30 September 2017 has been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”). The condensed consolidated financial information should be read in conjunction with the Accountant’s Report set out in Appendix I to the Prospectus, which have been prepared in accordance with HKFRSs.

The accounting policies used in the preparation of this condensed consolidated financial information are consistent with those described in the Accountant’s Report set out in Appendix I to the Prospectus, except for the adoption of revised HKFRSs which have become effective for accounting periods beginning on or after 1 January 2017.

Certain new or amendments to HKFRSs, potentially relevant to the Group’s accounting policies, have been issued, but are not effective and have not been early adopted by the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

3 REVENUE AND SEGMENT INFORMATION

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
Sales of goods	28,629	54,131	124,926	186,300
Repair and maintenance services income	764	2,908	2,285	7,372
Machinery rental income	267	(236)	267	447
	29,660	56,803	127,478	194,119

The executive directors considered the nature of the Group's business and determined that the Group has two reportable operating segments as follows:

- (i) Tunnelling – Supply of specialised cutting tools and parts for construction equipment
- (ii) 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 percentage of each segment. As the Group's resources are integrated and there are no discrete operating segment assets and liabilities for the tunnelling and foundation business segments reported to the chief operating decision maker, accordingly, no operating segment assets and liabilities are presented.

Segment revenue reported represents revenue generated from external customers. There were no inter-segment sales during the three months and nine months ended 30 September 2017 and 2016. The accounting policies of the reportable segments are the same as the Group's accounting policies.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

3 REVENUE AND SEGMENT INFORMATION (CONTINUED)

- (a) The reportable segments for the nine months ended 30 September 2017 (unaudited) is as follows:

	Tunnelling HK\$'000	Foundation HK\$'000	Total HK\$'000
Segment revenue (all from external customers)	113,961	13,517	127,478
Cost of sales	(81,330)	(11,051)	(92,381)
Segment results	32,631	2,466	35,097
Gross profit %	28.63%	18.24%	27.53%
Other income			512
Other losses			(233)
Selling expenses			(3,530)
Administrative expenses			(33,439)
Operating loss			(1,593)
Finance income			10
Finance costs			(566)
Loss before income tax			(2,149)
Income tax expenses			(2,340)
Loss for the period			(4,489)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

3 REVENUE AND SEGMENT INFORMATION (CONTINUED)

- (b) The reportable segments for the nine months ended 30 September 2016 (unaudited) is as follows:

	Tunnelling HK\$'000	Foundation HK\$'000	Total HK\$'000
Segment revenue (all from external customers)	181,533	12,586	194,119
Cost of sales	(126,067)	(9,274)	(135,341)
Segment results	55,466	3,312	58,778
Gross profit %	30.55%	26.31%	30.28%
Other income			374
Other losses			–
Selling expenses			(5,720)
Administrative expenses			(28,749)
Operating profit			24,683
Finance income			11
Finance costs			(672)
Profit before income tax			24,022
Income tax expenses			(4,579)
Profit for the period			19,443

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

3 REVENUE AND SEGMENT INFORMATION (CONTINUED)

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

	Unaudited Nine months ended 30 September	
	2017 HK\$'000	2016 HK\$'000
Hong Kong	33,302	63,543
The PRC	72,146	85,046
Singapore	18,206	45,530
Malaysia	3,824	–
	127,478	194,119

4 INCOME TAX EXPENSES

The Group is not subject to taxation in the Cayman Islands and British Virgin Islands. Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profit for the three months and nine months ended 30 September 2017 and 2016. Mainland China corporate income tax has been provided for at the rate of 25% on the estimated assessable profits for the Group's operations in Mainland China for the three months and nine months ended 30 September 2017 and 2016. Singapore corporate income tax has been provided for at the rate of 17% on the estimated assessable profit for the Group's operations in Singapore for the three months and nine months ended 30 September 2017 and 2016.

The amounts of income tax expenses in the condensed consolidated statement of comprehensive income represents:

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
Current taxation				
– Hong Kong profits tax	(352)	1,705	1,042	4,019
– Mainland China corporate income tax	299	–	833	–
– Taxation on overseas profits	44	528	94	999
Deferred income tax	245	(452)	371	(439)
Income tax expenses	236	1,781	2,340	4,579

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

5 (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 by the weighted average number of ordinary shares in issue during the respective periods. The weighted average number of ordinary shares used for such purpose has been retrospectively adjusted for the effects of the issue of shares in connection with the Reorganisation completed on 26 January 2016 and the Capitalisation Issue (as defined in the Prospectus) which took place on 21 July 2017.

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2017	2016	2017	2016
(Loss)/profit attributable to equity holders of the Company (HK\$'000)	(6,932)	9,816	(4,845)	18,767
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (thousands)	575,410	450,000	489,560	448,050
Basic (loss)/earnings per share (HK cents)	(1.20)	2.18	(0.99)	4.19

(B) DILUTED

Diluted (loss)/earnings per share presented is the same as the basic (loss)/earnings per share as there were no potentially dilutive ordinary shares issued during the periods.

6 DIVIDENDS

The Company declared interim dividends of HK\$10,000,000 and HK\$1,120,000 to the then equity holders of the Company and non-controlling interests, respectively, on 9 March 2017, and interim dividends of HK\$8,000,000 and HK\$350,000 to the then equity holders of the Company and non-controlling interests, respectively, on 20 April 2017. The portion attributable to the equity holders of the Company was fully settled before 30 June 2017.

Other than the above, the Board does not declare an interim dividend for the nine months ended 30 September 2017.

Dividend of HK\$11,500,000 and HK\$326,000 were declared to the then equity holders of the Company and non-controlling interests respectively for the nine months ended 30 September 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

RECENT DEVELOPMENT AND OUTLOOK

HONG KONG

For the tunnelling segment, as set out in the section headed “Industry Overview” to the Prospectus, as several tunnel boring machines (“TBM”) tunnel works in Hong Kong finished by 2015, the industry was witnessing a moderate drop in the contract of TBM tunnelling works, which has in turn adversely affected our revenue from Hong Kong market. Moreover, a customer of tunnelling project, to which we have entered into master framework contract for the supply of specialised cutting tools and parts for the construction equipment, has delayed in placing purchase orders to the Group. It also affected our revenue generated from tunnelling segment in Hong Kong during the nine months ended 30 September 2017 (“the Period”).

For the foundation segment, the management remains cautious. Although the revenue for the Period was slightly better than that of corresponding period of 2016, the delays in funding approval of public works and infrastructure projects in the Legislative Council affected the foundation industry in Hong Kong. The management is mindful of market situation.

THE PRC

To cope with keen market competition and to further explore the opportunities in the PRC, we have expanded the headcounts in the PRC sales team, so as to increase our coverage and competitiveness for the market.

SINGAPORE AND MALAYSIA

Certain projects in Singapore have been completed during the Period and certain new infrastructure projects have not yet commenced. The Group has utilised Singapore as a regional hub to seek opportunities for expansion into Malaysia and Indonesia with our spare capacity. As disclosed in the interim report of the Group last published, we have kept on receiving purchase orders from Mass Rapid Transit Project in Kuala Lumpur in the Period. The management is prudently optimistic in expansion of Malaysia market.

FINANCIAL REVIEW

REVENUE

Our revenue decreased by approximately HK\$66.6 million, or 34.3%, from approximately HK\$194.1 million for the nine months ended 30 September 2016 to approximately HK\$127.5 million for the nine months ended 30 September 2017. The decrease was primarily attributable to the decrease in revenue recognised for our tunnelling segment by approximately HK\$67.6 million, or 37.2%, from approximately HK\$181.5 million for the nine months ended 30 September 2016 to approximately HK\$114.0 million for the nine months ended 30 September 2017. From the perspective of geographic locations of our customers, revenue derived from customers based in Hong Kong, China and Singapore decreased from approximately HK\$63.5 million, HK\$85.0 million and HK\$45.5 million to approximately HK\$33.3 million, HK\$72.1 million and HK\$18.2 million from the corresponding period in 2016, respectively. It represented the drops in revenue by 47.6%, 15.2% and 60.0% from Hong Kong, China and Singapore markets respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

COST OF SALES

Cost of sales represents costs and expenses directly attributable to our revenue generating activities. Our cost of inventories sold accounted for the largest part of our cost of sales. Our cost of sales decreased by approximately HK\$43.0 million, or 31.7%, from approximately HK\$135.3 million for the nine months ended 30 September 2016 to approximately HK\$92.4 million for the nine months ended 30 September 2017. Such movement was primarily attributable to the decrease in cost of inventory sold associated with our decrease in revenue.

GROSS PROFIT

Our gross profit decreased by approximately HK\$23.7 million, or 40.3%, from approximately HK\$58.8 million for the nine months ended 30 September 2016 to approximately HK\$35.1 million for the nine months ended 30 September 2017. Our gross profit margin decreased from approximately 30.3% for the nine months ended 30 September 2016 to approximately 27.5% for the nine months ended 30 September 2017. As disclosed in the Prospectus, the Group received discounts/rebate granted by our suppliers of approximately HK\$6.0 million for the nine months ended 30 September 2016. The gross profit excluding such discounts/rebate was approximately HK\$52.8 million, representing a gross profit margin of approximately 27.2% for the nine months ended 30 September 2016. No such discounts/rebates have been granted by our suppliers for the nine months ended 30 September 2017.

SELLING EXPENSES

Selling expenses mainly include freight charges and selling commission for our staff accounted for under the employee benefit expenses. Selling expenses decreased from approximately HK\$5.7 million for the nine months ended 30 September 2016 to HK\$3.5 million for the nine months ended 30 September 2017, which was mainly attributable to the decrease in revenue recorded by the Group.

ADMINISTRATIVE EXPENSES

Administrative expenses mainly include staff costs, Directors' remuneration and benefits (both accounted for under the employee benefit expenses), legal and professional fees for listing preparation, operating lease charges on land and buildings, provision for impairment of trade receivable and other administrative expenses. Administrative expenses increased by approximately HK\$4.7 million or 16.3% from approximately HK\$28.7 million for the nine months ended 30 September 2016 to approximately HK\$33.4 million for the nine months ended 30 September 2017. The increase was primarily due to the increase in legal and professional fees for listing preparation of approximately HK\$8.8 million, which is partially offset by the exchange gain of approximately HK\$3.0 million for the nine months ended 30 September 2017. For the nine months ended 30 September 2016, we recorded an exchange loss of approximately HK\$0.6 million.

(LOSS)/PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

We recorded a loss attributable to equity holders of the Company for the nine months ended 30 September 2017 of approximately HK\$4.8 million, representing a decrease from a profit of approximately HK\$18.8 million for the nine months ended 30 September 2016. If we set aside the effect of non-recurring expenses incurred for the Listing, the profit attributable to equity holders of the Company for the Period and corresponding period in 2016 would be approximately HK\$6.7 million and HK\$21.5 million respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the nine months ended 30 September 2017, the Group financed its operations by its internal resources and bank facilities. As at 30 September 2017, the Group had net current assets of approximately HK\$112.9 million (31 December 2016: HK\$76.9 million), including cash and cash equivalents of approximately HK\$81.2 million (31 December 2016: HK\$44.4 million). The Group's current ratio as at 30 September 2017 was 2.57 times (31 December 2016: 1.92 times).

As at 30 September 2017, the Group had a total available banking and other facilities of approximately HK\$28.0 million, of which approximately HK\$14.0 million was utilised and approximately HK\$14.0 million was unutilised and available for use.

The shares of the Company were listed on GEM on 21 July 2017, 15,000,000 and 135,000,000 of the Company's shares at a price of HK\$0.47 were issued on the same day by public offer and placing, respectively. There has been no change in capital structure of the Company since 21 July 2017. As at 30 September 2017, the equity attributable to equity holders of the Company amounted to approximately HK\$126.6 million (31 December 2016: approximately HK\$88.6 million).

GEARING RATIO

The Group maintained a net cash position as at each of 30 September 2017 and 31 December 2016. On this basis, we did not record a gearing ratio.

USE OF PROCEED FROM THE LISTING

The net proceeds from the Listing was approximately HK\$40.2 million, which was different from the estimated net proceeds of HK\$39.0 million as disclosed in the Prospectus. The difference of HK\$1.2 million has been adjusted in the same manner and in the same proportion to the use of proceeds as shown in the Prospectus. The Directors had evaluated the Group's business plan and considered that, as at the date of this report, no modification of business plan regarding the use of proceeds as described in the Prospectus was required.

As at 30 September 2017, the net proceeds had been utilised as follows:

	Estimated use of proceeds HK\$ million	Adjusted use of proceeds HK\$ million	Utilised up to 30 September 2017 HK\$ million	Unutilised as of 30 September 2017 HK\$ million
Further develop the fabricated construction steel works and equipment business in the PRC	16.0	16.5	-	16.5
Expansion of the fleet of specialised construction machinery and equipment	13.6	14.0	1.7	12.3
Expansion of the repair and maintenance services in the PRC	5.5	5.7	-	5.7
General working capital	3.9	4.0	1.0	3.0
	39.0	40.2	2.7	37.5

As at 30 September 2017, unutilised proceeds of approximately HK\$37.5 million have been placed with licensed banks in Hong Kong and will be applied in the manner consistent with the proposed allocations as set out in the Prospectus.

MANAGEMENT DISCUSSION AND ANALYSIS

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

As at 30 September 2017, the interests and short positions of the directors in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO) or which were required pursuant to section 352 of the SFO to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as followed:

(A) LONG POSITIONS IN SHARES OF THE COMPANY

Name of Director	Nature of interest	Number of shares	Percentage of the Company's issued share capital
Mr. Ng Lai Ming	Interest in a controlled corporation (note 1)	364,095,000	60.68%
Mr. Cheung King	Beneficial owner	31,005,000	5.17%
Mr. Ng Lai Tong	Beneficial owner	29,025,000	4.84%
Mr. Ng Lai Po	Beneficial owner	4,500,000	0.75%

Notes:

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

(B) DIRECTORS' INTEREST IN AN ASSOCIATED CORPORATION OF THE COMPANY

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

Save as disclosed above, as at 30 September 2017, none of the Directors or any chief executive of the Company had an interest or short position in any shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO) or which were required pursuant to section 352 of the SFO to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

MANAGEMENT DISCUSSION AND ANALYSIS

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

So far as is known to the Directors or chief executive, as at 30 September 2017, the following person(s), not being a Director or chief executive of the Company, had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required pursuant to section 336 of the SFO to be entered in the register referred to therein or were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group:

LONG POSITION IN SHARES OF THE COMPANY:

Name	Capacity/Nature of interest	Number of shares held	Percentage of the Company's issued share capital
JAT United Company Limited (note 1)	Beneficial owner	364,095,000	60.68%
Ms. Law So Lin (note 2)	Interest of spouse	364,095,000	60.68%

Notes:

- (1) JAT United Company Limited is wholly owned by Mr. Ng Lai Ming. Mr. Ng Lai Ming is deemed to be interested in all the shares held by JAT United Company Limited under the SFO.
- (2) Ms. Law So Lin is the spouse of Mr. Ng Lai Ming, therefore she is deemed to be interested in all the shares in which Mr. Ng Lai Ming is interested in.

Saved as disclosed above, as at 30 September 2017, no other person had any interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required pursuant to section 336 of the SFO to be entered in the register referred to therein.

SHARE OPTION SCHEME

The Company has a share option scheme (the "Share Option Scheme") which was approved and conditionally adopted by the shareholders of the Company by way of written resolutions passed on 19 June 2017.

No share option has been granted under the Share Option Scheme since its adoption.

MANAGEMENT DISCUSSION AND ANALYSIS

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 from the Listing Date to the date of this report.

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 the shareholders as a whole.

The Company adopted the code provisions of the Corporate Governance Code ("CG Code") as set out in Appendix 15 of the GEM Listing Rules effective from the Listing Date and had complied with the CG Code since then and up to the date of this report, except for the deviation stipulated below.

As required by code provision A.2.1 of the CG Code, the roles of chairman and the chief executive officer should be separate and should not be performed by the same individual. We do not have a separate chairman and chief executive officer and Mr. Ng Lai Ming currently performs these two roles concurrently. The Board believes that vesting the roles of both the chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group for more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority within the Group will not be impaired by the present arrangement and the current structure will enable the Company to make and implement decisions more promptly and effectively. The Board will from time to time review and consider splitting the roles of chairman of the Board and the chief executive officer of the Company to ensure that appropriate and timely arrangements are in place to meet changing circumstances.

COMPETING INTEREST

None of the Directors, substantial shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) had any interest in a business which competes or is likely to compete with the business of the Group during the nine months ended 30 September 2017.

INTERESTS OF THE COMPLIANCE ADVISER

As notified by the Company's compliance adviser, VMS Securities Limited (the "Compliance Adviser"), except for the compliance adviser agreement entered into between the Company and the Compliance Adviser which commencing on 21 July 2017, neither the Compliance Adviser nor its directors, employees or associates had any interests in relation to the Company as at the date of this report which is required to be notified to the Company pursuant Rule 6A.32 of the GEM Listing Rules.

MANAGEMENT DISCUSSION AND ANALYSIS

AUDIT COMMITTEE

The audit committee was established by the Company pursuant to a resolution of the Board on 19 June 2017 with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and paragraph C3 of the CG Code. The members of the audit committee are Mr. Tai Wai Kwok, Ir Lo Kok Keung and Mr. Lau Chi Leung, all of whom are independent non-executive Directors. Mr. Tai Wai Kwok is the chairman of the audit committee. The audit committee has reviewed this report and has provided advice and comments thereon.

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

Hong Kong, 8 November 2017

As at the date of this report, 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.