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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)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2020

The board of directors (the “**Board**”) of M&L Holdings Group Limited (the “**Company**”) hereby announces the first quarterly results of the Company and its subsidiaries for the three months ended 31 March 2020 (the “**Period**”). This announcement, containing the full text of the first quarterly report of the Group for the Period, complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) in relation to information to accompany preliminary announcement of the first quarterly results for the Period.

By order of the Board
M&L Holdings Group Limited
Ng Lai Ming

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 12 May 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 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.*

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.

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.

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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 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.



First 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 ended 31 March 2020, together with the comparative figures for the corresponding period in 2019.

Condensed Consolidated Statement of Comprehensive Income

For the three months ended 31 March 2020

| | Notes | Unaudited Three months ended 31 March | |
|---|-------|--|------------------|
| | | 2020 HK\$'000 | 2019 HK\$'000 |
| Revenue | 3 | 9,334 | 22,723 |
| Cost of sales | | (6,215) | (15,742) |
| Gross profit | | 3,119 | 6,981 |
| Other income | | 90 | 87 |
| Other gains, net | | 21 | – |
| Exchange (losses)/gains | | (4,217) | 1,931 |
| Selling expenses | | (996) | (1,212) |
| Administrative expenses | | (7,830) | (8,407) |
| Operating loss | | (9,813) | (620) |
| Finance income | | 81 | 52 |
| Finance costs | | (506) | (295) |
| Loss before income tax | | (10,238) | (863) |
| Income tax credit/(expense) | 4 | 963 | (44) |
| Loss for the period | | (9,275) | (907) |
| Other comprehensive income | | | |
| <i>Item that may be reclassified to profit or loss:</i> | | | |
| Currency translation differences | | (533) | 360 |
| Total comprehensive income | | (9,808) | (547) |

Condensed Consolidated Statement of Comprehensive Income

For the three months ended 31 March 2020

| | Note | Unaudited | |
|---|------|-----------------------------|--------------|
| | | Three months ended 31 March | |
| | | 2020 | 2019 |
| | | HK\$'000 | HK\$'000 |
| Loss for the period attributable to: | | | |
| Equity holders of the Company | | (9,068) | (881) |
| Non-controlling interests | | (207) | (26) |
| | | (9,275) | (907) |
| Total comprehensive income attributable to: | | | |
| Equity holders of the Company | | (9,595) | (530) |
| Non-controlling interests | | (213) | (17) |
| | | (9,808) | (547) |
| Loss per share | | | |
| — Basic and diluted (expressed in HK cents per share) | 5 | (1.51) | (0.15) |

Condensed Consolidated Statements of Changes in Equity

For the three months ended 31 March 2020

| | Attributable to equity holders of the Company | | | | Non- controlling interests HK\$'000 | Total equity HK\$'000 |
|---|--|----------------------|------------------------------|-------------------|--|-----------------------------|
| | Share capital HK\$'000 | Reserves HK\$'000 | Share premium HK\$'000 | Total HK\$'000 | | |
| | At 1 January 2020 (audited) | 6,000 | 41,850 | 63,332 | | |
| Comprehensive income: | | | | | | |
| Loss for the period | - | (9,068) | - | (9,068) | (207) | (9,275) |
| Other comprehensive income: | | | | | | |
| Currency translation differences | - | (527) | - | (527) | (6) | (533) |
| Total comprehensive income for the period | - | (9,595) | - | (9,595) | (213) | (9,808) |
| At 31 March 2020 (unaudited) | 6,000 | 32,255 | 63,332 | 101,587 | 1,237 | 102,824 |
| At 1 January 2019 (audited) | 6,000 | 43,303 | 63,332 | 112,635 | 1,448 | 114,083 |
| Comprehensive income: | | | | | | |
| Loss for the period | - | (881) | - | (881) | (26) | (907) |
| Other comprehensive income: | | | | | | |
| Currency translation differences | - | 351 | - | 351 | 9 | 360 |
| Total comprehensive income for the period | - | (530) | - | (530) | (17) | (547) |
| At 31 March 2019 (unaudited) | 6,000 | 42,773 | 63,332 | 112,105 | 1,431 | 113,536 |

Notes to the Condensed Consolidated Financial Information

1 GENERAL INFORMATION 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. The shares of the Company were listed on GEM of The Stock Exchange of Hong Kong Limited on 21 July 2017.

The address of its registered office is PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. Its principal place of business is located at 10th 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.

The ultimate holding company of the Group is JAT United Company Limited, which is a company incorporated in the British Virgin Islands and wholly owned by Mr. Ng Lai Ming.

The condensed consolidated financial information is presented in Hong Kong dollars ("HK\$"), which is the same as the functional currency of the Company. All value are rounded to the nearest thousand except when otherwise indicated.

The condensed consolidated financial information of the Group for the three months ended 31 March 2020 which has not been audited but has been reviewed by the audit committee of the Company. The unaudited condensed consolidated financial information was approved for issue by the board of directors on 12 May 2020.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

This condensed consolidated financial information for the three months ended 31 March 2020 has been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretation (hereinafter collectively referred to as the "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of the GEM Listing Rules. The condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2019. It has been prepared under the historical cost basis except for other asset at fair value through profit or loss which is measured at fair value.

The accounting policies used in the preparation of this condensed consolidated financial information are consistent with those described in the annual financial statements for the year ended 31 December 2019, except for the adoption of new or revised HKFRSs which have become effective for accounting periods beginning on or after 1 January 2020.

Certain new or revised HKFRSs, potentially relevant to the Group's accounting policies, have been issued, but not yet 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 31 March | |
| | 2020 | 2019 |
| | HK\$'000 | HK\$'000 |
| Revenue from contracts with customers within the scope of HKFRS 15 | | |
| Timing of revenue recognition — At a point in time | | |
| — Sales of goods | 8,807 | 20,825 |
| — Repair and maintenance services income | 537 | 1,358 |
| | 9,344 | 22,183 |
| Revenue from other sources | | |
| — Machinery rental income | (10) | 540 |
| | 9,334 | 22,723 |

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:

- (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 margin 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 ended 31 March 2020 and 2019. 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 segment information provided to the executive directors for the reportable segments for the three months ended 31 March 2020 (unaudited) is as follows:

| | Tunnelling HK\$'000 | Foundation HK\$'000 | Total HK\$'000 |
|---|------------------------|------------------------|-------------------|
| Segment revenue (all from external customers) | 8,166 | 1,168 | 9,334 |
| Cost of sales | (5,501) | (714) | (6,215) |
| Segment results | 2,665 | 454 | 3,119 |
| Gross profit % | 32.64% | 38.87% | 33.42% |
| Other income | | | 90 |
| Other gains, net | | | 21 |
| Exchange losses | | | (4,217) |
| Selling expenses | | | (996) |
| Administrative expenses | | | (7,830) |
| Operating loss | | | (9,813) |
| Finance income | | | 81 |
| Finance costs | | | (506) |
| Loss before income tax | | | (10,238) |
| Income tax credit | | | 963 |
| Loss for the period | | | (9,275) |

Notes to the Condensed Consolidated Financial Information

3 REVENUE AND SEGMENT INFORMATION (CONTINUED)

- (b) The segment information provided to the executive directors for the reportable segments for the three months ended 31 March 2019 (unaudited) is as follows:

| | Tunnelling HK\$'000 | Foundation HK\$'000 | Total HK\$'000 |
|---|------------------------|------------------------|-------------------|
| Segment revenue (all from external customers) | 21,101 | 1,622 | 22,723 |
| Cost of sales | (14,911) | (831) | (15,742) |
| Segment results | 6,190 | 791 | 6,981 |
| Gross profit % | 29.34% | 48.77% | 30.72% |
| Other income | | | 87 |
| Exchange gains | | | 1,931 |
| Selling expenses | | | (1,212) |
| Administrative expenses | | | (8,407) |
| Operating loss | | | (620) |
| Finance income | | | 52 |
| Finance costs | | | (295) |
| Loss before income tax | | | (863) |
| Income tax expense | | | (44) |
| Loss for the period | | | (907) |

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

| | Unaudited Three months ended 31 March | |
|--|--|------------------|
| | 2020 HK\$'000 | 2019 HK\$'000 |
| Hong Kong | 2,415 | 3,512 |
| The PRC | 4,725 | 8,743 |
| Singapore and other Asia-Pacific countries | 1,959 | 4,345 |
| Others | 235 | 6,123 |
| | 9,334 | 22,723 |

Notes to the Condensed Consolidated Financial Information

4 INCOME TAX CREDIT/(EXPENSE)

| | Unaudited | |
|---------------------------------------|-----------------------------|----------|
| | Three months ended 31 March | |
| | 2020 | 2019 |
| | HK\$'000 | HK\$'000 |
| Current taxation | | |
| — Hong Kong profits tax | — | — |
| — Mainland China corporate income tax | — | (200) |
| — Singapore corporate income tax | — | — |
| — Australia corporate income tax | (2) | (15) |
| Deferred income tax | 965 | 171 |
| Income tax credit/(expense) | 963 | (44) |

The Group is not subject to taxation in the Cayman Islands and British Virgin Islands.

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profit for the three months ended 31 March 2020 and 2019 except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime effective from the year of assessment 2018/2019. The first HK\$2,000,000 of assessable profits of this subsidiary is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

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 ended 31 March 2020 and 2019. 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 ended 31 March 2020 and 2019. Australia corporate income tax has been provided for at the rate of 27.5%–30% on the estimated assessable profits for the Group's operations in Australia for the three months ended 31 March 2020 and 2019.

Notes to the Condensed Consolidated Financial Information

5 LOSS PER SHARE

(a) Basic

The basic loss per share is calculated on the loss attributable to equity holders of the Company divided by the weighted average number of ordinary shares in issue during the respective period.

| | Unaudited | |
|--|-----------------------------|---------|
| | Three months ended 31 March | |
| | 2020 | 2019 |
| Loss attributable to equity holders of the Company <i>(HK\$'000)</i> | (9,068) | (881) |
| Weighted average number of ordinary shares in issue <i>(thousands)</i> | 600,000 | 600,000 |
| Basic loss per share <i>(expressed in HK cents)</i> | (1.51) | (0.15) |

(b) Diluted

Diluted loss per share presented is the same as the basic loss per share as there were no potentially dilutive ordinary shares outstanding as at period end.

6 DIVIDENDS

No interim dividend was declared for the three months ended 31 March 2020 (2019: 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

In early of 2020, there was an outbreak of Coronavirus Disease 2019 (“COVID-19 outbreak”). The business activities in Hong Kong were restricted and running at a low level. Our potential customers remained conservative in future prospect and resulted in low demand for our products from customers in Hong Kong during the three months ended 31 March 2020 (the “Period”).

We will monitor the development of new railway schemes which were recommended in the “Railway Development Strategy” published by the Transport and Housing Bureau of Hong Kong in 2014, as well as any potential business opportunity in Hong Kong.

PRC market

The Group’s business in the PRC market was related to the supply of specialised cutting tools and parts mainly for the tunnelling construction sites as well as the tunnelling equipment manufacturers. Due to the COVID-19 outbreak, a series of precautionary and quarantine control measures had been implemented across the People Republic of China (“PRC”), and our PRC operation was suspended for more than one month during the Period. The PRC operation was resumed in early March but could not recover to full operating level. Nevertheless, many tunnelling projects in the PRC are progressing or launching in better developed cities in the PRC, e.g. cities in Big Bay Area. The market prospect for tunnelling business in China is positive.

Singapore and other Asia-Pacific countries

The Group has utilised Singapore as a regional hub to seek opportunities for expansion into Malaysia and other Southeast Asia countries. Moreover, the Group had completed the set-up of the workshop and maintenance services centre in Melbourne, Australia, which help expand our business into other Pacific countries. The COVID-19 outbreak was developed rapidly in Singapore, Malaysia, Australia and other Asia-Pacific countries during the Period and had a negative impact to our business with customers. The projects in Australia are progressing and new projects would be launched in Singapore. The market condition in this region is still positive.

Management Discussion and Analysis

Other countries

We are also seeking actively for expansion opportunities in the global markets and have established a steady flow of revenue from our newly explored market e.g. countries in Europe and Americas. The COVID-19 outbreak had spread across countries in Europe and Americas, some of our customers delayed in confirming purchase orders to us during the Period, due to the lockdown measures in the countries where they are located.

FINANCIAL REVIEW

Revenue

Our revenue decreased by approximately HK\$13.4 million, or 59.0%, from approximately HK\$22.7 million for the three months ended 31 March 2019 to approximately HK\$9.3 million for the three months ended 31 March 2020. The decrease was primarily attributable to the decrease in revenue recognized for our tunnelling segment by approximately HK\$12.9 million, or 61.1%, from approximately HK\$21.1 million for the three months ended 31 March 2019 to approximately HK\$8.2 million for the three months ended 31 March 2020. From the perspective of geographic locations of our customers, revenue derived from customers based in Hong Kong, decreased from approximately HK\$3.5 million for the three months ended 31 March 2019 to approximately HK\$2.4 million for the three months ended 31 March 2020, while revenue derived from customers based in the PRC and Singapore and other Asia-Pacific countries decreased by HK\$4.0 million and HK\$2.3 million to approximately HK\$4.7 million and HK\$2.0 million from the corresponding period in 2019, respectively.

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\$9.5 million, or 60.5%, from approximately HK\$15.7 million for the three months ended 31 March 2019 to approximately HK\$6.2 million for the three months ended 31 March 2020. 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\$3.9 million, or 55.7%, from approximately HK\$7.0 million for the three months ended 31 March 2019 to approximately HK\$3.1 million for the three months ended 31 March 2020. However, our gross profit margin increased slightly from approximately 30.7% for the three months ended 31 March 2019 to approximately 33.4% for the three months ended 31 March 2020. The increase in gross profit margin was largely due to the difference in the mix of customers and products supplied by us during the respective periods.

Management Discussion and Analysis

Other income and other gains

The other income and other gains, primarily consisted of (i) inspection charges and (ii) changes in fair value of other asset at fair value through profit or loss. Our net other income remained stable at approximately HK\$0.1 million for the three months ended 31 March 2020 and 2019, respectively.

Exchange (losses)/gains

The exchange losses for the three months ended 31 March 2020 was approximately HK\$4.2 million, while it was an exchange gains of approximately HK\$1.9 million for the three months ended 31 March 2019. The exchange losses for the three months ended 31 March 2020 were mainly due to the depreciation of Renminbi and Australian dollar.

Selling expenses

Selling expenses mainly include freight charges and sales commission for our staff accounted for under the employee benefit expenses. Selling expenses decreased from approximately HK\$1.2 million for the three months ended 31 March 2019 to HK\$1.0 million for the three months ended 31 March 2020, which was mainly attributable to the decrease in freight charges of overseas markets.

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, (reversal of provision)/provision for impairment loss on trade receivables and other administrative expenses. Administrative expenses decreased by approximately HK\$0.6 million or 7.1% from approximately HK\$8.4 million for the three months ended 31 March 2019 to approximately HK\$7.8 million for the three months ended 31 March 2020.

Finance income and finance costs

The net amount of finance costs increased by approximately HK\$0.2 million from approximately HK\$0.2 million for the three months ended 31 March 2019 to HK\$0.4 million for the three months ended 31 March 2020. The finance costs were mainly related to the bank borrowings and the lease liabilities.

Income tax credit/(expense)

The income tax credit for the three months ended 31 March 2020 was approximately HK\$1.0 million, while the income tax expense for the three months ended 31 March 2019 was approximately HK\$44,000.

Management Discussion and Analysis

Loss attributable to equity holders of our Company

We recorded a loss attributable to equity holders of our Company for the three months ended 31 March 2020 of approximately HK\$9.1 million, while it was a loss attributable to equity holders of our Company of approximately HK\$0.9 million for the three months ended 31 March 2019.

CHARGES ON ASSETS

As at 31 March 2020, certain machinery and equipment under right-of-use assets and inventories with carrying value of approximately HK\$6,694,000 (31 December 2019: HK\$6,869,000) were pledged to secure for the finance of certain lease liabilities of approximately HK\$2,643,000 (31 December 2019: HK\$3,042,000). In addition, a life insurance policy of Mr. Ng Lai Ming with an insured sum of US\$1,582,862 has been assigned as security for certain banking facilities.

CAPITAL COMMITMENT

As at 31 March 2020, the Group had no capital commitment.

CONTINGENT LIABILITIES

As at 31 March 2020, 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 has adopted the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 15 of the GEM Listing Rules and had complied with the CG Code during the three months ended 31 March 2020 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.

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 31 March 2020, 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 follows:

Long positions in shares of the Company

| Director | Nature of interest | Number of shares | Percentage of the Company's issued shares capital |
|--------------------------|---|------------------|---|
| Mr. Ng Lai Ming (note 2) | 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.

Directors' interests in an associated corporation of the Company

| Director | Associated corporation | Nature of interest | Number of shares/Position | Percentage of the shareholding |
|-----------------|------------------------|--------------------|---------------------------|--------------------------------|
| Mr. Ng Lai Ming | JAT United | Beneficial owner | 1/Long position | 100% |

Management Discussion and Analysis

Save as disclosed above, as at 31 March 2020, 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.

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

So far as the Directors are aware, as at 31 March 2020, the following person(s), not being a Director or chief executive of our 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 our Group:

Long position in the shares of the Company

| Shareholder | Capacity/Nature of interest | Number of shares | Percentage of the Company's issued shares capital |
|-------------------------|-----------------------------|------------------|---|
| JAT United (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 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) 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 31 March 2020, 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 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.

Management Discussion and Analysis

SHARE OPTION SCHEME

The Company adopted a share option scheme (the “Share Option Scheme”) on 19 June 2017 and no options have been granted, exercised or cancelled since then and up to the date of this report.

The Share Option Scheme shall be valid and effective for a period of 10 years from the adoption date, after which no further options may be issued.

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 three months ended 31 March 2020.

COMPETING INTERESTS

None of the Directors, substantial shareholders of the Company or their respective associates (as defined in the GEM Listing Rules) had any interest in a business which compete with the business of the Group during the three months ended 31 March 2020 and up to and including the date of this report.

AUDIT COMMITTEE

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, 12 May 2020

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.