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 2019

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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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.

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 2019, together with the comparative figures for the year ended 31 December 2018.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2019	2018
	Notes	***HK$'000***	*HK$'000*
Revenue	*4*	**141,190**	113,933
Cost of sales	*5*	**(100,959)**	(80,668)
Gross profit		**40,231**	33,265
Other income	*6*	**14**	190
Other losses, net	*6*	**(186)**	–
Exchange losses		**(832)**	(3,757)
Selling expenses	*5*	**(6,644)**	(4,698)
Administrative expenses	*5*	**(33,292)**	(29,363)
Operating loss		**(709)**	(4,363)
Finance income		**270**	257
Finance costs		**(1,686)**	(1,072)
Loss before income tax		**(2,125)**	(5,178)
Income tax credit	*7*	**801**	152
Loss for the year		**(1,324)**	(5,026)
Other comprehensive income			
Item that may be reclassified to profit or loss:			
Currency translation differences		**(127)**	(669)
Total comprehensive income		**(1,451)**	(5,695)

	Notes	Year ended 31 December **2019** ***HK$'000***	2018 *HK$'000*
(Loss)/profit for the year attributable to:			
Equity holders of the Company		**(1,334)**	(4,951)
Non-controlling interests		**10**	(75)
		(1,324)	(5,026)
Total comprehensive income attributable to:			
Equity holders of the Company		**(1,453)**	(5,603)
Non-controlling interests		**2**	(92)
		(1,451)	(5,695)
Loss per share			
– Basic and diluted (expressed in HK cents per share)	*8*	**(0.22)**	(0.83)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December 2019 HK$'000	2018 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Prepaid land premium		–	5,356
Property, plant and equipment		**18,557**	22,303
Right-of-use assets		**13,921**	–
Deposits		**448**	961
Other asset at fair value through profit or loss		**4,744**	–
Deferred income tax assets		**1,955**	1,118
		39,625	29,738
Current assets			
Inventories		**34,496**	28,763
Trade and other receivables	*9*	**113,033**	97,313
Tax recoverable		**480**	466
Cash and cash equivalents		**25,109**	33,916
		173,118	160,458
Current liabilities			
Trade and other payables	*10(a)*	**53,579**	37,543
Contract liabilities	*10(b)*	–	899
Dividend payable		**7,980**	7,980
Amounts due to directors		**5,701**	6,132
Bank borrowings		**24,000**	17,000
Lease liabilities		**2,932**	–
Finance lease liabilities		–	1,551
Current income tax liabilities		**162**	74
		94,354	71,179
Net current assets		**78,764**	89,279
Total assets less current liabilities		**118,389**	119,017

	As at 31 December	
	2019	2018
	HK$'000	*HK$'000*
Non-current liabilities		
Lease liabilities	**4,038**	–
Finance lease liabilities	**–**	3,042
Deferred income tax liabilities	**1,424**	1,572
Other provision	**295**	320
	5,757	4,934
Net assets	**112,632**	114,083
CAPITAL AND RESERVES		
Equity attributable to equity holders of the Company		
Share capital	**6,000**	6,000
Reserves	**105,182**	106,635
	111,182	112,635
Non-controlling interests	**1,450**	1,448
Total equity	**112,632**	114,083

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") 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.

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 other asset at fair value through profit or loss which is measured at fair 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 ADOPTION OF NEW OR REVISED HKFRSs

Adoption of new or revised HKFRSs — effective 1 January 2019

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2019:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKFRS 3 Business Combinations; HKAS 12 Income Taxes; and HKAS 23 Borrowing Costs

The impact of the adoption of HKFRS 16 Leases have been summarised in below. The other new or amended HKFRSs that are effective from 1 January 2019 did not have any significant impact on the Group's accounting policies.

HKFRS 16 Leases ("HKFRS 16")

(i) Impact on the adoption of HKFRS 16

HKFRS 16 brings significant changes in accounting treatment for lease accounting, primarily for accounting for lessees. It replaces HKAS 17 Leases ("HKAS 17"), HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease ("HK(IFRIC)-Int 4"), HK(SIC)-Int 15 Operating Leases − Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions involving the Legal Form of a Lease. From a lessee's perspective, almost all leases are recognised in the statement of financial position as right-of-use assets and lease liabilities, with a narrow exception of this principle for leases which the underlying assets are of low-value or are determined as short-term leases. From a lessor's perspective, the accounting treatment is substantially unchanged from HKAS 17. For details of HKFRS 16 regarding its new definition of a lease, its impact on the Group's accounting policies and the transition method adopted by the Group as allowed under HKFRS 16, please refer to notes (ii) to (v) of this note.

The Group has applied HKFRS 16 using the cumulative effect approach and recognised all the cumulative effect of initially applying HKFRS 16 if any, as an adjustment to the opening balance of accumulated losses at the date of initial application. The comparative information presented in 2018 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The following tables summarised the impact of transition to HKFRS 16 on the consolidated statement of financial position as of 31 December 2018 to that of 1 January 2019:

	Carrying amount at 31 December 2018 as originally reported	Capitalisation of lease contracts under HKFRS 16	Reclassification under HKFRS 16	Carrying amount at 1 January 2019 as restated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets				
Prepaid land premium	5,356	–	(5,356)	–
Property, plant and equipment	22,303	–	(5,578)	16,725
Right-of-use assets	–	5,186	10,934	16,120
	27,659	5,186	–	32,845
Current liabilities				
Lease liabilities	–	1,256	1,551	2,807
Finance lease liabilities	1,551	–	(1,551)	–
	1,551	1,256	–	2,807
Non-current liabilities				
Lease liabilities	–	3,930	3,042	6,972
Finance lease liabilities	3,042	–	(3,042)	–
	3,042	3,930	–	6,972

The following reconciliation explains how the operating lease commitments disclosed applying HKAS 17 at the end of 31 December 2018 could be reconciled to the lease liabilities at the date of initial application recognised in the consolidated statement of financial position as at 1 January 2019:

	HK$'000
Operating lease commitment as at 31 December 2018	7,258
Less: Commitments relating to short-term leases with lease terms end within 31 December 2019	(232)
Less: Future interest expenses	(820)
Less: Adjustment for service components	(1,345)
Add: Finance lease liabilities as of 31 December 2018 *(note 3(v))*	4,593
Add: Future interest expenses of finance lease liabilities as of 31 December 2018	325
Total lease liabilities as at 1 January 2019	9,779

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognised in the consolidated statement of financial position as at 1 January 2019 is 4.9%.

(ii) The new definition of a lease

Under HKFRS 16, a lease is defined as a contract, or part of a contract, that conveys the right to use an assets (the underlying asset) for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified asset for a period of time when the customer, throughout the period of use, has both: (a) the right to obtain substantially all of the economic benefits from use of the identified asset and (b) the right to direct the use of the identified asset.

For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, unless the lessee apply the practical expedient which allows the lessee to elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

(iii) Accounting as a lessee

Under HKAS 17, a lessee has to classify a lease as an operating lease or a finance lease based on the extent to which risks and rewards incidental to ownership of a lease asset lie with the lessor or the lessee. If a lease is determined as an operating lease, the lessee would recognise the lease payments under the operating lease as an expense over the lease term. The asset under the lease would not be recognised in the statement of financial position of the lessee.

Under HKFRS 16, all leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but HKFRS 16 provides accounting policy choices for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

The Group recognised a right-of-use asset and a lease liability at the commencement date of a lease.

(iv) Accounting as a lessor

The Group has leased out certain of its machinery and equipment. As the accounting under HKFRS 16 for a lessor is substantially unchanged from the requirements under HKAS 17, the adoption of HKFRS 16 does not have significant impact on these financial statements.

(v) Transition

As mentioned above, the Group has applied HKFRS 16 using the cumulative effect approach and recognised all the cumulative effect of initially applying HKFRS 16 as an adjustment to the opening balance of accumulated losses at the date of initial application, i.e. 1 January 2019. The comparative information presented in 2018 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The Group has recognised the lease liabilities at the date of 1 January 2019 for leases previously classified as operating leases applying HKAS 17 and measured those lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 January 2019.

The Group has elected to recognise all the right-of-use assets at 1 January 2019 for leases previously classified operating leases under HKAS 17 at amount equals to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application. For all these right-of-use assets, the Group has applied the practical expedients that relied on assessment of whether leases are onerous by applying HKAS 37 Provisions, Contingent Liabilities and Contingent Assets as an alternative of impairment review as at 1 January 2019.

The Group has also applied the follow practical expedients: (i) applied a single discount rate to a portfolio of leases with reasonably similar characteristics; (ii) applied the exemption of not to recognise right-of-use assets and lease liabilities for leases with term that will end within 12 months from the date of initial application of HKFRS 16, i.e. where lease term ends on or before 31 December 2019, and accounted for those leases as short-term leases; (iii) exclude the initial direct costs from the measurement of the right-of-use asset at 1 January 2019 and (iv) used hindsight in determining the lease terms if the contracts contain options to extend or terminate the leases.

In addition, the Group has also applied the practical expedients such that: (i) HKFRS 16 is applied to all of the Group's lease contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 and (ii) not to apply HKFRS 16 to contracts that were not previously identified as containing a lease under HKAS 17 and HK(IFRIC)-Int 4.

The Group has also leased certain machinery and equipment which previously were classified as finance leases under HKAS 17. As the Group has elected to adopt the cumulative effect method over the adoption of HKFRS 16, for those finance leases under HKAS 17, the right-of-use assets and the corresponding lease liabilities at 1 January 2019 were the carrying amount of the lease assets and lease liabilities under HKAS 17 immediately before that date. For those leases, the Group has accounted for the right-of-use assets and the lease liabilities applying HKFRS 16 from 1 January 2019.

Upon adoption of HKFRS 16 on 1 January 2019, the right-of-use assets arising from machinery and equipment are presented separately as right-of-use assets. In addition, all finance lease liabilities of HK$4,593,000 were reclassified from finance lease liabilities to lease liabilities.

4 REVENUE AND SEGMENT INFORMATION

	Year ended 31 December	
	2019	2018
	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	**137,512**	111,298
– Repair and maintenance services income	**2,492**	2,087
	140,004	113,385
Revenue from other sources		
– Machinery rental income	**1,186**	548
	141,190	113,933

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 year ended 31 December 2019 (2018: 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 2019 is as follows:

	Tunnelling	**Foundation**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Segment revenue (all from external customers)	**131,319**	**9,871**	**141,190**
Cost of sales	**(94,762)**	**(6,197)**	**(100,959)**
Segment results	**36,557**	**3,674**	**40,231**
Gross profit %	**27.84%**	**37.22%**	**28.49%**
Other income			**14**
Other losses, net			**(186)**
Exchange losses			**(832)**
Selling expenses			**(6,644)**
Administrative expenses			**(33,292)**
Operating loss			**(709)**
Finance income			**270**
Finance costs			**(1,686)**
Loss before income tax			**(2,125)**
Income tax credit			**801**
Loss for the year			**(1,324)**

(b) The segment information provided to the executive directors for the reportable segments for the year ended 31 December 2018 is as follows:

	Tunnelling	Foundation	Total
	HK$'000	*HK$'000*	*HK$'000*
Segment revenue (all from external customers)	94,332	19,601	113,933
Cost of sales	(65,754)	(14,914)	(80,668)
Segment results	28,578	4,687	33,265
Gross profit %	30.30%	23.91%	29.20%
Other income			190
Exchange losses			(3,757)
Selling expenses			(4,698)
Administrative expenses			(29,363)
Operating loss			(4,363)
Finance income			257
Finance costs			(1,072)
Loss before income tax			(5,178)
Income tax credit			152
Loss for the year			(5,026)

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

	Year ended 31 December	
	2019	2018
	HK$'000	*HK$'000*
Hong Kong	**12,248**	33,142
The PRC	**76,946**	62,583
Singapore and other Asia-Pacific countries	**23,182**	14,112
Others	**28,814**	4,096
	141,190	113,933

(d) The total amounts of non-current assets, other than financial instruments, deposits and deferred income tax assets of the Group as at 31 December 2019 are located in the following regions:

	As at 31 December	
	2019	2018
	HK$'000	*HK$'000*
Hong Kong	**14,727**	7,335
The PRC	**318**	388
Singapore	**7,774**	7,956
Australia	**14,403**	11,980
	37,222	27,659

(e) Certain customers contributed more than 10% of the total sales of the Group during the year ended 31 December 2019. The amount of sales to these customers are disclosed as follows:

	Year ended 31 December	
	2019	2018
	HK$'000	*HK$'000*
Customer A	**35,230**	17,437
Customer B	**22,413**	27,478
Customer C	**17,409**	17,161

5 EXPENSES BY NATURE

	Year ended 31 December	
	2019	2018
	HK$'000	*HK$'000*
Cost of inventories sold	**99,305**	80,262
Machinery maintenance	**1,445**	128
Employee benefit expenses	**18,668**	20,233
Depreciation		
Owned property, plant and equipment	**1,112**	897
Right-of-use assets under the following categories*		
– Ownership interests in leasehold land for own use	**103**	–
– Other properties leased for own use	**1,428**	–
– Machinery and equipment	**705**	–
Property, plant and equipment under finance lease under HKAS 17*	**–**	705
Amortisation payments for leasehold land held for own use	**–**	104
Short-term leases expenses	**1,343**	–
Freight charge	**4,309**	2,361
Legal and professional fee	**1,887**	1,259
Auditors' remuneration		
– Audit services	**695**	639
– Non-audit services	**92**	53
Total minimum lease payments for leases previously classified as operating leases under HKAS 17	**–**	3,521
Provision for/(reversal of provision for) impairment loss on trade receivables *(note 9)*	**201**	(4,116)
Entertainment expenses	**976**	1,349
Travelling expense	**2,119**	2,226
Motor vehicle expenses	**786**	854
Others	**5,721**	4,254
Total cost of sales, selling expenses and administrative expenses	**140,895**	114,729

* The Group has initially applied HKFRS 16 using the cumulative effect approach and adjusted the opening balances at 1 January 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under HKAS 17. The depreciated carrying amount of the finance lease assets which were previously included in property, plant and equipment is also identified as a right-of-use asset. After initial recognition of right-of-use assets at 1 January 2019, the Group as lessee is required to recognise the depreciation of right-of-use assets, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. Under this approach, the comparative information has not been restated. Further details of the transition to HKFRS 16 are set out in note 3(v).

6 OTHER INCOME AND OTHER LOSSES, NET

	Year ended 31 December	
	2019	2018
	HK$'000	*HK$'000*
Other income		
Inspection charges	**–**	135
Others	**14**	55
	14	190
Other losses, net		
Gain on disposal of property, plant and equipment	**89**	–
Changes in fair value of other asset at fair value through profit or loss	**(275)**	–
	(186)	–

7 INCOME TAX CREDIT

	Year ended 31 December	
	2019	2018
	HK$'000	*HK$'000*
Current taxation		
– Hong Kong profits tax	**161**	(38)
– Mainland China corporate income tax	**47**	458
– Singapore corporate income tax	**(29)**	(13)
– Australia corporate income tax	**(13)**	15
Deferred income tax	**(967)**	(574)
Income tax credit	**(801)**	(152)

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 year ended 31 December 2019 (2018: 16.5%).

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No.7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of other group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The two-tiered profits tax rates regime is applicable to a nominated qualifying entity in the Group for its annual period beginning on or after 1 January 2018.

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 year ended 31 December 2019 (2018: 25%). 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 year ended 31 December 2019 (2018: 17%). 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 year ended 31 December 2019 (2018: 30%).

8 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 year.

	Year ended 31 December	
	2019	2018
Loss attributable to equity holders of the Company (HK$'000)	**(1,334)**	(4,951)
Weighted average number of ordinary shares in issue (thousands)	**600,000**	600,000
Basic loss per share (expressed in HK cents)	**(0.22)**	(0.83)

(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 year end.

9 TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2019	2018
	HK$'000	*HK$'000*
Trade receivables	**105,753**	93,077
Less: loss allowance	**(5,880)**	(6,842)
Trade receivables – net	**99,873**	86,235
Bills receivables	**10,871**	2,961
Prepayments	**306**	502
Trade deposits paid	**180**	6,186
Deposits paid	**735**	1,404
Other receivables	**1,516**	986
	113,481	98,274
Less: Non-current portion deposits	**(448)**	(961)
	113,033	97,313

The credit terms granted by the Group generally ranged up to 270 days (2018: 270 days). The ageing analysis of these trade receivables based on invoice date is as follows:

	As at 31 December	
	2019	2018
	HK$'000	*HK$'000*
0 to 30 days	**16,311**	17,405
31 to 60 days	**6,439**	6,603
61 to 90 days	**2,950**	5,975
91 to 180 days	**18,611**	15,803
181 to 365 days	**8,961**	10,285
1 to 2 years	**26,668**	16,302
2 to 3 years	**10,747**	8,846
Over 3 years	**15,066**	11,858
Trade receivables, gross	**105,753**	93,077
Less: loss allowance	**(5,880)**	(6,842)
Trade receivables, net	**99,873**	86,235

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

	2019	2018
	HK$'000	*HK$'000*
Balance at 1 January	**6,842**	11,360
Impairment losses charged to profit or loss	**201**	–
Impairment losses reversed	**–**	(4,116)
Written off during the year as uncollectible	**(1,040)**	(35)
Exchange difference	**(123)**	(367)
Balance at 31 December	**5,880**	6,842

The carrying amounts of bills receivables approximate their fair values due to their short maturity. As at 31 December 2019, all the bills receivables represent bank acceptance notes issued by third parties with average maturity of within 213 days (2018: within 189 days), which are denominated in Renminbi.

10 TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

(a) Trade and other payables

	As at 31 December	
	2019	2018
	HK$'000	*HK$'000*
Trade payables	**46,825**	33,973
Accrued expenses and other payables	**6,754**	3,570
	53,579	37,543

The carrying amounts of trade and other payables approximate their fair values as at 31 December 2019 and 2018.

The ageing analysis of trade payables based on invoice date is as follows:

	As at 31 December	
	2019	2018
	HK$'000	*HK$'000*
0 to 30 days	**3,444**	4,462
31 to 60 days	**1,261**	7,081
61 to 90 days	**6,505**	3,977
91 to 120 days	**10,486**	5,567
Over 120 days	**25,129**	12,886
	46,825	33,973

(b) Contract liabilities

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

	At at 31 December	
	2019	2018
	HK\$'000	*HK\$'000*
Contract liabilities related to trading in spare parts	**–**	899

Movements in contract liabilities

	2019	2018
	HK\$'000	*HK\$'000*
Balance at 1 January	**899**	64
– 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	**(899)**	(64)
– Increase in contract liabilities as a result of receiving sales deposits during the year in respect of trading in spare parts as at 31 December	**–**	899
Balance at 31 December	**–**	899

As at 31 December 2018, the contract liabilities of HK\$899,000 were recognised as income in 2019.

11 DIVIDENDS

The final dividend for the year ended 31 December 2017 of HK0.8 cents per share, amounting to total dividend of HK\$4,800,000, has been approved by shareholders at the Company's annual general meeting and the payment for which has been despatched on 11 June 2018.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2019 (2018: 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

Recently, no new TBM tunnelling projects being staged in Hong Kong had adversely affected our revenue from customers of tunnelling sector in Hong Kong. Moreover, the social unrest in Hong Kong in 2019 had caused disruption to the Legislative Council and delay in approving the budgets application of government construction projects. As a result, the demand for our products from customers of the foundation sector in Hong Kong was weak, especially for the second half of 2019.

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. For the year ended 31 December 2019, we are glad that the revenue from sales to the PRC market had been recovered and increased mildly by 23.0%, in comparison with the same period in 2018. Many tunnelling projects, e.g. mass railway system, high speed railway, 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. We use our facilities in Melbourne to expand our business into Australia and other Pacific countries. We are delighted that we recorded a strong growth in revenue from these countries for the year ended 31 December 2019 and increased by 64.3% in comparison with the same period in 2018. The market condition in Singapore and other Asia-Pacific countries are improving.

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. We will keep exploring expansion opportunities and identify the next growing point of the Group.

FINANCIAL REVIEW

Revenue

Our revenue increased by approximately HK$27.3 million, or 24.0%, from approximately HK$113.9 million for the year ended 31 December 2018 to approximately HK$141.2 million for the year ended 31 December 2019. The increase was primarily attributable to the increase in revenue recognized for our tunnelling segment by approximately HK$37.0 million, or 39.2%, from approximately HK$94.3 million for the year ended 31 December 2018 to approximately HK$131.3 million for the year ended 31 December 2019. Meanwhile, the revenue recognised for our foundation segment was decreased, by HK$9.7 million, or 49.5%, from approximately HK$19.6 million for the year ended 31 December 2018 to approximately HK$9.9 million for the year ended 31 December 2019. From the perspective of geographic locations of our customers, revenue derived from customers based in Hong Kong, decreased from approximately HK$33.1 million for the year ended 31 December 2018 to approximately HK$12.2 million for the year ended 31 December 2019, while revenue derived from customers based in the PRC and Singapore and other Asia-Pacific countries increased by HK$14.4 million and HK$9.1 million to approximately HK$76.9 million and HK$23.2 million from the corresponding period in 2018, 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 increased by approximately HK$20.3 million, or 25.2%, from approximately HK$80.7 million for the year ended 31 December 2018 to approximately HK$101.0 million for the year ended 31 December 2019. Such movement was primarily attributable to the increase in cost of inventory sold associated with our increase in revenue.

Gross profit

Our gross profit increased by approximately HK$6.9 million, or 20.7%, from approximately HK$33.3 million for the year ended 31 December 2018 to approximately HK$40.2 million for the year ended 31 December 2019. Our gross profit margin decreased slightly from approximately 29.2% for the year ended 31 December 2018 to approximately 28.5% for the year ended 31 December 2019.

Other income and other losses

The other income and other losses, primarily consisted of (i) inspection charges, (ii) gain from disposal of property, plant and equipment and (iii) changes in fair value of other asset at fair value through profit or loss. Our net other losses was approximately HK$0.2 million for the year ended 31 December 2019 while it was a net other income of approximately HK0.2 million for the year ended 31 December 2018.

Exchange losses

The exchange losses for the year ended 31 December 2019 was approximately HK$0.8 million. The losses were mainly due to the further depreciation of Renminbi and Australian dollar during the year ended 31 December 2019.

Selling expenses

Selling expenses mainly include freight charges and sales commission for our staff accounted for under the employee benefit expenses. Selling expenses increased from approximately HK$4.7 million for the year ended 31 December 2018 to HK$6.6 million for the year ended 31 December 2019, which was mainly attributable to the increase in revenue recorded by our 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, depreciation and amortisation, (reversal of provision)/provision for impairment loss on trade receivables and other administrative expenses. Administrative expenses increased by approximately HK$3.9 million or 13.3% from approximately HK$29.4 million for the year ended 31 December 2018 to approximately HK$33.3 million for the year ended 31 December 2019. The increase was mainly attributable to the provision for impairment loss on trade receivables of HK$0.2 million for the year ended 31 December 2019, while it was a reversal of provision for impairment loss on trade receivables of approximately HK$4.1 million for the year ended 31 December 2018.

Finance income and finance costs

The net amount of finance costs increased by approximately HK$0.6 million from approximately HK$0.8 million for the year ended 31 December 2018 to approximately HK$1.4 million for the year ended 31 December 2019. Such increase was mainly attributable to the increase in finance costs related to bank borrowings and the lease liabilities.

Income tax credit

The income tax credit for the year ended 31 December 2019 was approximately HK$0.8 million, while the income tax credit for the year ended 31 December 2018 was approximately HK$0.2 million.

Loss attributable to equity holders of our Company

We recorded a loss attributable to equity holders of our Company for the year ended 31 December 2019 of approximately HK$1.3 million, while it was a loss attributable to equity holders of our Company of approximately HK$5.0 million for the year ended 31 December 2018.

Liquidity, financial resources and capital structure

	31 December 2019 *HK$'000*	31 December 2018 *HK$'000*
Current assets	**173,118**	160,458
Current liabilities	**94,354**	71,179
Current ratio	**1.83**	2.25

During the year ended 31 December 2019, the Group financed its operations by its internal resources and banking facilities. As at 31 December 2019, the Group had net current assets of approximately HK$78.8 million (31 December 2018: HK$89.3 million), including cash and cash equivalents of approximately HK$25.1 million (31 December 2018: HK$33.9 million). The Group's current ratio as at 31 December 2019 was 1.83 times (31 December 2018: 2.25 times).

As at 31 December 2019, the Group had a total available banking and other facilities of approximately HK$30.0 million, of which approximately HK$24.0 million was utilised and approximately HK$6.0 million was unutilised and available for use.

There has been no change in capital structure of the Company during the year ended 31 December 2019. As at 31 December 2019, the equity attributable to equity holders of the Company amounted to approximately HK$111.2 million (31 December 2018: approximately HK$112.6 million).

Gearing ratio

As at 31 December 2019, the net gearing ratio was 9.8%, based on bank borrowings, lease liabilities and the advance from a director, less cash and cash equivalent totalling HK$10.9 million as a percentage of equity attributable to equity holders of the Company of HK$111.2 million. As at 31 December 2018, we maintained a net cash position. On this basis, we did not record a net gearing ratio.

FOREIGN CURRENCY EXPOSURE AND TREASURY POLICY

During the year ended 31 December 2019, 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

As at 31 December 2019, the Group had no capital commitment.

USE OF PROCEEDS

The net proceeds from the share offer (the "Share Offer") of the Company's shares that listed on GEM of the Stock Exchange on 21 July 2017 (the "Listing Date") was approximately HK$40.2 million, which was different from the estimated net proceeds of HK$39.0 million as disclosed in the prospectus of the Company dated 30 June 2017 (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. As further disclosed in the announcement of the Company dated 21 December 2018 (the "Use of Proceeds Announcement"), the Board has resolved to reallocate approximately HK$2.7 million of the net proceeds for expanding our repair and maintenance services for tunnelling business in Australia from the amount of net proceeds originally designated for expanding such services in Mainland China. The utilisation of net proceeds raised by the Group from the Share Offer up to 31 December 2019 is as below.

	Estimated use of proceeds	**Adjusted use of proceeds**	**Up to 31 December 2019**	
			Utilised	**Unutilised**
	HK$'million	***HK$'million***	***HK$'million***	***HK$'million***
To further develop fabricated construction steel works and equipment business in the PRC	**16.0**	**16.5**	**0.2**	**16.3**
To acquire and/or partly finance the expansion of fleet of specialised construction machinery and equipment	**13.6**	**14.0**	**14.0**	**–**
To expand repair and maintenance services in the PRC for tunnelling business	**5.5**	**3.0**	**0.4**	**2.6**
To expand repair and maintenance services in Australia for tunnelling business	**–**	**2.7**	**2.7**	**–**
General working capital	**3.9**	**4.0**	**4.0**	**–**
	39.0	**40.2**	**21.3**	**18.9**

The unutilised net proceeds from the Share Offer have been placed with licensed banks in Hong Kong.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the Prospectus and the Use of Proceeds Announcement with the Group's actual business progress for the period from the Listing Date to 31 December 2019 is set out below.

Business objectives	**Actual business progress up to 31 December 2019**
Further development fabricated construction steel works and equipment business in the PRC	We had visited various industrial properties in Foshan, Dongguan and Huizhou in Guangdong Province to find the appropriate location for the set-up of the factory. The process is still ongoing.
Expansion of fleet of specialised construction machinery and equipment	Acquired seven sets of PTC vibrator equipment for trading purpose.

Business objectives	Actual business progress up to 31 December 2019
Expansion of repair and maintenance services in the PRC	We had visited various industrial properties in Foshan, Dongguan and Huizhou in Guangdong Province to find the appropriate location for the workshop. The process is still ongoing. Furthermore, we had engaged the construction of new mobile repair and maintenance units for future deploy to the construction site of our customers in the PRC, so as to provide repair and maintenance services and to secure our sales orders from the customers.
Expansion of repair and maintenance services in Australia	We had completed the set-up of the warehouse and maintenance services centre in Melbourne, and was put into use for the service of Australia market.

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 2019.

CHARGES ON ASSETS

As at 31 December 2019, certain machinery and equipment under right-of-use assets and inventories with carrying value of approximately HK$6,869,000 (2018: certain machinery and equipment under property, plant and equipment, and inventories of approximately HK$7,574,000) were pledged to secure for the finance of certain lease liabilities of approximately HK$3,042,000 (2018: finance lease liabilities of HK$4,593,000). In addition, a life insurance policy to 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 2019.

CONTINGENT LIABILITIES

As at 31 December 2019, the Group did not have any significant contingent liabilities.

EVENTS AFTER THE FINANCIAL YEAR

After 31 December 2019, there was an outbreak of Coronavirus Disease 2019 ("COVID-19 outbreak") in early 2020. A series of precautionary and quarantine control measures have been implemented across the Mainland China. Our China operation was suspended for more than one month. China operation was resumed later in early March but has not yet recovered to full operating level, which would have a negative impact to revenue from China market for the three months ended 31 March 2020.

During March 2020, the COVID-19 outbreak was developed rapidly in other countries of the world. Many countries have adopted series of precautionary and quarantine control measures, including countries where our customers and suppliers are located.

As at the date of this announcement, the impacts of the COVID-19 outbreak on the global economics conditions remain uncertain, the Group is unable to quantify the related financial effects. The Group will continue to monitor and assess the development of the COVID-19 outbreak and evaluate its financial impact on the Group.

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 15 of the GEM Listing Rules and had complied with the CG Code throughout the year ended 31 December 2019 and up to the date of this announcement, 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. 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.

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 Model Code throughout the year ended 31 December 2019.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The forthcoming annual general meeting of the Company (the "AGM") will be held on Tuesday, 12 May 2020. The register of members of the Company will be closed from Thursday, 7 May 2020 to Tuesday, 12 May 2020 (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, 6 May 2020 in order for the holders of the shares to qualify to attend and vote at the AGM or any adjournment thereof.

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 2019.

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.

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 commenced 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 announcement which is required to be notified to the Company pursuant Rule 6A.32 of the GEM Listing Rules.

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 2019 and up to and including the date of this announcement.

REVIEW OF ANNUAL RESULTS

The audit committee of the Board has reviewed the consolidated financial statements of the Group for the year ended 31 December 2019 and this results announcement. The figures in respect of the Group's consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2019 as set out in this announcement have been agreed by the Group's 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 in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance 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 2019 containing all the information required by the GEM Listing Rules will be despatched to the shareholders of the Company 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, 31 March 2020

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 Company Announcement" 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.