



M-Resources Group Limited

脈資資源集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 08186)

2020 FINAL RESULTS

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

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This announcement, for which the board (the “Board”) of directors (the “Directors”) of M-Resources Group Limited (the “Company”) collectively and individually accept full responsibility, includes particulars in compliance with the Rules Governing the Listing of Securities on GEM (the “GEM Listing Rules”) for giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and beliefs, 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 in this announcement misleading.

The Board hereby presents the consolidated final results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2020

	<i>Notes</i>	2020 HK\$'000	2019 <i>HK\$'000</i> (Restated and re-presented)
Continuing operations			
Revenue	5	21,161	473
Cost of sales		(18,264)	–
Gross profit		2,897	473
Other income, gains and losses	6	457	1,671
Administrative expenses		(16,413)	(18,107)
Finance costs	7	(767)	(734)
Fair value loss on debt investment at fair value through profit or loss	13	(3,203)	(130)
Fair value loss on equity investments at fair value through profit or loss		(90)	(238)
Impairment loss on other receivables		(218)	–
Written off of other receivables		(211)	(732)
Loss on disposal of subsidiaries		(368)	–
Share of losses of associates		(71)	(813)
Loss before income tax	8	(17,987)	(18,610)
Income tax	9	(697)	–
Loss from continuing operations		(18,684)	(18,610)
Discontinued operation			
(Loss)/profit from discontinued operation	8	(841)	4,814
Loss for the year		(19,525)	(13,796)

	<i>Note</i>	2020 HK\$'000	2019 <i>HK\$'000</i> (Restated and re-presented)
Loss for the year attributable to:			
Owners of the Company:			
Loss for the year from continuing operations		(7,677)	(17,554)
Loss for the year from discontinued operation		<u>(22,241)</u>	<u>(1,984)</u>
		<u>(29,918)</u>	<u>(19,538)</u>
Non-controlling interests:			
Loss for the year from continuing operations		(11,007)	(1,056)
Profit for the year from discontinued operation		<u>21,400</u>	<u>6,798</u>
		<u>10,393</u>	<u>5,742</u>
		<u>(19,525)</u>	<u>(13,796)</u>
Loss per share from continuing operations and discontinued operation attributable to owners of the Company			
Basic and diluted	11	<u>HK cent (24.0)</u>	<u>HK cent (16.5)</u>
Loss per share from continuing operations attributable to owners of the Company			
Basic and diluted	11	<u>HK cent (6.2)</u>	<u>HK cent (14.8)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i> (Restated and re-presented)
Loss for the year	(19,525)	(13,796)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Currency translation differences	(40)	32
Reclassification of exchange differences on disposal of subsidiaries	556	–
Item that will not be reclassified subsequently to profit or loss:		
Fair value loss on equity investments at fair value through other comprehensive income, net of tax	(10)	–
Other comprehensive income for the year, net of tax	<u>506</u>	<u>32</u>
Total comprehensive income for the year	<u>(19,019)</u>	<u>(13,764)</u>
Total comprehensive income attributable to:		
Owners of the Company:		
Loss from continuing operations	(7,161)	(17,554)
Loss from discontinued operation	(22,251)	(1,952)
	<u>(29,412)</u>	<u>(19,506)</u>
Non-controlling interests:		
Loss from continuing operations	(11,007)	(1,056)
Profit from discontinued operation	21,400	6,798
	<u>10,393</u>	<u>5,742</u>
	<u>(19,019)</u>	<u>(13,764)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

		31 December	31 December	1 January
		2020	2019	2019
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>	<i>HK\$'000</i>
			(Restated)	(Restated)
Non-current assets				
Property, plant and equipment		2,525	3,947	5,860
Right-of-use assets		87	1,879	–
Intangible assets		–	–	500
Investments in associates		–	12,584	11,477
Prepayment		2,500	–	–
Equity investments at fair value through other comprehensive income		903	–	–
Debt investment at fair value through profit or loss	13	650	–	3,983
		6,665	18,410	21,820
Current assets				
Inventories		1,002	151	242
Trade receivables	12	9,779	12,672	13,799
Loans and interest receivables		–	15,363	4,967
Equity investment at fair value through other comprehensive income		–	–	23,424
Equity investments at fair value through profit or loss		–	608	846
Debt investment at fair value through profit or loss	13	–	3,853	–
Prepayments, other receivables and other asset		533	19,005	12,170
Tax recoverable		–	116	–
Cash held on behalf of customers		–	6	52
Bank balances and cash		1,555	4,212	28,168
		12,869	55,986	83,668
Total assets		19,534	74,396	105,488

		31 December	31 December	1 January
		2020	2019	2019
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
			(Restated)	(Restated)
Current liabilities				
Trade payables	14	8,936	6	4,198
Other payables and accruals		7,648	26,092	50,579
Other borrowing	15	8,106	8,106	8,108
Bond payable	16	25,343	–	–
Lease liabilities		88	1,263	–
Tax payables		697	4,321	3,886
		<u>50,818</u>	<u>39,788</u>	<u>66,771</u>
Net current (liabilities)/assets		<u>(37,949)</u>	<u>16,198</u>	<u>16,897</u>
Total assets less current liabilities		<u>(31,284)</u>	<u>34,608</u>	<u>38,717</u>
Non-current liabilities				
Other loans		10,757	17,610	16,902
Lease liabilities		–	637	–
		<u>10,757</u>	<u>18,247</u>	<u>16,902</u>
NET (LIABILITIES)/ASSETS		<u>(42,041)</u>	<u>16,361</u>	<u>21,815</u>
Capital and reserves				
Share capital	17	1,455	1,455	41,563
Reserves		(43,496)	9,256	(19,656)
Equity attributable to owners of the Company		<u>(42,041)</u>	<u>10,711</u>	<u>21,907</u>
Non-controlling interests		<u>–</u>	<u>5,650</u>	<u>(92)</u>
TOTAL (DEFICIT)/EQUITY		<u>(42,041)</u>	<u>16,361</u>	<u>21,815</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

1. GENERAL INFORMATION

M-Resources Group Limited (formerly known as IR Resources Limited) (“the Company”) is a limited liability company incorporated in Bermuda. The ordinary shares of the Company are listed on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of its registered office is located at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda. The Company’s principal place of business in Hong Kong is situated at 11/F., China United Plaza, 1008 Tai Nan West Street, Lai Chi Kok, Hong Kong.

The Group, comprising the Company and its subsidiaries, is principally engaged in the sale of plantation and household products and financial services. In prior year, the Group’s principal activities included sales of wood and agricultural related products and timber processing in the Kingdom of Cambodia (the “Forestry and Agricultural Business”) and financial services. During the year, the Group had discontinued the Forestry and Agricultural Business.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

2.1 Adoption of new/revised HKFRSs – effective 1 January 2020

The HKICPA has issued a number of new or amended HKFRSs that are first effective for the current accounting period of the Group:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Hedge Accounting – Interest Rate Benchmark Reform
Amendments to HKFRS 16	COVID-19-Related Rent Concessions (early adoption)
Amendments to HKFRS 16	COVID-19-Related Rent Concession beyond 30 June 2021 (early adoption)

None of these new or amended HKFRSs has a material impact on the Group’s results and financial position for the current or prior period. Except for the amendments to HKFRS 16, the Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting period. Impact on the applications of these amended HKFRSs are summarised below:

Amendments to HKFRS 16 – COVID-19-Related Rent Concessions

HKFRS 16 was amended to provide a practical expedient to lessees in accounting for rent concessions arising as a result of the COVID-19 pandemic, by including an additional practical expedient in HKFRS 16 that permits entities to elect not to account for rent concessions as lease modifications. The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 pandemic and only if all of the following criteria are satisfied:

- (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (ii) the reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- (iii) there is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with this practical expedient, which means the lessee does not need to assess whether the rent concession meets the definition of lease modification. Lessees shall apply other requirements of HKFRS 16 in accounting for the rent concession.

Accounting for rent concessions as lease modifications would have resulted in the Group remeasuring the lease liability to reflect the revised consideration using a revised discount rate, with the effect of the change in the lease liability recorded against the right-of-use asset. By applying the practical expedient, the Group is not required to determine a revised discount rate and the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

The Group has elected to utilise the practical expedient for all rent concessions that meet the criteria. In accordance with the transitional provisions, the Group has applied the amendments retrospectively, and has not restated prior period figure. As the rent concessions have arisen during the current financial period, there is no retrospective adjustment to opening balance of retained earnings at 1 January 2020 on initial application of the amendments. Accordingly, a reduction in the lease payments arising from the rent concessions of HK\$290,000 has been accounted for as a negative variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the year.

Amendment to HKFRS 16 – COVID-19-Related Rent Concessions beyond 30 June 2021

The amendment extend the practical expedient available to lessees in accounting for COVID-19-Related rent concessions by one year. The reduction in lease payments could only affect payments originally due on or before 30 June 2021 is extended to 30 June 2022. The amendment is effective for annual reporting periods beginning on or after 1 April 2021, with earlier application permitted.

2.2 New or amended HKFRSs that have been issued but are not yet effective

The following new or amended HKFRSs, potentially relevant to the consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKFRS 3	Reference to Conceptual Framework ³
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associates or Joint Venture ⁵
Amendments to HKAS 1 and HK Interpretation 5 (2020)	Classification of Liabilities as Current or Non-current and presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ⁴
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ⁴
Amendments to HKAS 8	Definition of Accounting Estimates ⁴
Amendments to HKAS 12	Definition Tax Related to Assets and liabilities arising from a Single Transaction ⁴
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intend Use ²
Amendments to HKAS 37	Onerous Contracts – Costs of Fulfilling a Contract ²
Annual Improvements to HKFRSs 2018–2020 Cycle	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41 ²

¹ Effective for annual periods beginning on or after 1 January 2021

² Effective for annual periods beginning on or after 1 January 2022

³ Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022

⁴ Effective for annual periods beginning on or after 1 January 2023

⁵ The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined

3. BASIS OF PREPARATION

3.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with all HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations (hereinafter collectively referred to as the “HKFRS”) 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 of Hong Kong Limited.

3.2 Basis of measurement and going concern assumption

These consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments which are measured at fair values, as explained in the accounting policies set out below.

The Group recorded a net loss attributable to the owners of the Company of approximately HK\$29,918,000 for the year ended 31 December 2020, and as at 31 December 2020, the Group’s current liabilities exceeded its current assets by approximately HK\$37,949,000 and the Group has net liabilities of approximately HK\$42,041,000. As at the same date, the Group’s other borrowing, other loans and bond payable amounted to approximately HK\$44,206,000 in aggregate of which approximately HK\$33,449,000 were classified as current liabilities, while its cash and cash equivalents amounted to approximately HK\$1,555,000 as at 31 December 2020.

The other borrowing (note 15) was a loan as originated in 2019 with a principal amount of HK\$8,000,000 (the “Overdue Loan”) owed by the Company to China Jian Xin Credit Services Limited (the “Lender”), and the Lender claimed the Overdue Loan had become overdue in May 2019. As at 31 December 2020, the carrying amount of the Overdue Loan and its unpaid interests amounted to approximately HK\$8,106,000. A winding-up petition dated 26 May 2021 was filed by the Lender for the Company’s failure to settle the Overdue Loan together with any unpaid interest thereon and costs of approximately HK\$9,397,000 as at that date.

The receipt of the winding-up petition constituted in default event under the terms and conditions of the perpetual bond (Note 16) with its principal amount of HK\$25,000,000 issued by the Company. Such default entitled the bondholder a right to demand immediate repayable from the Group.

Given the Group’s highly indebted position, the Company has proposed a debt restructuring arrangement (the “Scheme of Arrangement”). The Company has applied to The High Court of Hong Kong (the “Court”) for an adjournment of the winding-up petition supported by a proposed Scheme of Arrangement and the Court adjourned the hearing of the winding-up petition.

These above events and conditions may cast significant doubt about the Group’s ability to continue as a going concern.

In assessing the appropriateness of the use of the going concern basis in the preparation of these consolidated financial statements, the Directors prepared a cash forecast covering a period of 12 months from the date of approval for issue of these consolidated financial statements. In preparing the cash flow forecast, the Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain measures have been

taken to mitigate the liquidity pressure and to improve its financial position and performance which include, but not limited to the following:

- (a) The Company applied to the Court for the approval of the Scheme of Arrangement to be entered into between the Company and its creditors to convene a scheme meeting for the purpose of considering and, if appropriate, approving the Scheme of Arrangement. Each creditor of the Company will be entitled to elect settlement in cash or by allotment and issue of new shares of the Company for settlement of all its claims against the Company under the Scheme of Arrangement. Depending on the final level of acceptance by the creditors in electing settlement by new shares of the Company, the Company may issue new shares under general mandate or specific mandate, which, in the latter case, would require shareholders' approval. The Company will make further announcements in this regard to keep the shareholders updated of the development. A creditors meeting will be convened after the approval by the Court for the purpose of approving the Scheme of Arrangement by the creditors and the settlement options that are to be chosen by the creditors. When the Scheme of Arrangements is approved by the creditors, the sanction of the Court will be sought. The Scheme of Arrangement will become effective after the registration date of Court Order granted by the Court at the Scheme Effective Date.

The Directors assessed that it is probable that the Court would approve the Scheme of Arrangement, considering the Group's financial position shown on its most recent management accounts and letters of support received from the creditors of the Company up to the date of issue of these consolidated financial statements. The Directors had a proactive dialogue with the creditors and are also confident that the Company would receive sufficient support for the Scheme of Arrangement in the creditors meeting. On this basis, the Directors consider that the Scheme of Arrangement would be successful.

- (b) On 7 June 2021, the Company reached an agreement with a facility provider for the provision of a loan facility of HK\$5,000,000 to finance the operating costs of the Group and the Scheme of Arrangement (the "Loan Agreement"). Under the Loan Agreement, the lender is entitled to terminate the Loan Agreement if the Scheme of Arrangement is not successful (i.e. Court's approval is not obtained or sufficient support is not received from creditors in the scheme meeting) or the Stock Exchange rejects the resumption of trading of the shares of the Company. The loan will be repayable upon the earlier of i) winding up of the Company or ii) completion of fund raising exercise which the Company proposed to carry out after the resumption of trading of the Company's shares; and
- (c) The Group continues to develop its plantation and household business to improve its cash flow from operations.

Given the above, the Directors are of the opinion that, taking into account the above-mentioned measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from 31 December 2020. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

However, a material uncertainty exists related to the above conditions that may cast significant doubt about the Group's ability to continue as a going concern.

Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the carrying amounts of the Group's assets to their net recoverable amounts, to provide for any further liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in the consolidated finance statements.

3.3 Functional and presentation currency

The consolidated financial statements are presented in Hong Kong dollar ("HK\$"), which is the same as the functional currency of the Company.

3.4 Correction of errors

(a) Waiver of provision for Directors' remuneration in prior years

In 2020, the management of the Group discovered and were of the view that certain former directors' remuneration provided in prior years and included in other payables and accruals as at 31 December 2018 and 2019 should have been waived in the years 2015 and 2019, with reference to legal opinion obtained, in accordance with terms and conditions of certain board resolutions in year 2013. The error resulted in material overstatements of directors' remuneration for years prior to 2019 and for the year 2019 of HK\$834,000 and HK\$1,410,000 respectively and overstatements of other payables and accruals as at 31 December 2018 and 2019 of HK\$834,000 and HK\$2,244,000 respectively. In the opinion of directors, no tax implication should be arose on these adjustments.

(b) Classification and measurement of a debt investment at fair value through profit or loss ("FVTPL")

In 2017, the Group subscribed for a convertible bond (the "Convertible Bond Receivable") as detailed in note 25. The Group recorded a financial asset at amortised cost for the host contract which was included in other receivable as at 31 December 2018 and 2019. The Directors were of the opinion that the fair value of the conversion right was not material to and therefore was not recognised in the consolidated financial statements as at 31 December 2018 and 2019.

In 2020, the Group discovered that since the initial application of HKFRS 9 as at 1 January 2018, the fair values of the host contract and the conversion right of the Convertible Bond Receivable shall be accounted for as a whole and classified as a debt investment at FVTPL and measured at fair value subsequently at the end of each of the reporting periods.

The error resulted in material understatement of debt investment at FVTPL in relation to the Convertible Bond Receivable as at 31 December 2018 and 2019 of HK\$3,983,000 and HK\$3,853,000 respectively; overstatement of prepayments and other receivables as at 31 December 2018 and 2019 of HK\$4,001,000 and HK\$4,001,000 respectively and understatement of fair value loss on debt investment at FVTPL for the year ended 31 December 2019 of HK\$130,000. The error also resulted in omission of disclosures related to fair value measurement of the Convertible Bond Receivable in these consolidated financial statements in prior years.

The errors have been corrected by restating each of the affected financial statement line items for the prior periods as follows:

Consolidated statement of financial position (extract)

	31 December 2019 HK\$'000	Increase/ (decrease) HK\$'000 (note 3.4(a))	Increase/ (decrease) HK\$'000 (note 3.4(b))	31 December 2019 HK\$'000 (Restated)	31 December 2018 HK\$'000	Increase/ (decrease) HK\$'000 (note 3.4(a))	Increase/ (decrease) HK\$'000 (note 3.4(b))	1 January 2019 HK\$'000 (Restated)
Other payables and accruals	28,336*	(2,244)	–	26,092	51,413*	(834)	–	50,579
Prepayments and other receivables	23,006	–	(4,001)	19,005	16,171	–	(4,001)	12,170
Debt investment at FVTPL	–	–	3,853	3,853	–	–	3,983	3,983
Reserves	7,160	2,244	(148)	9,256	(20,472)	834	(18)	(19,656)

* Interest payable on other borrowing amounted to HK\$106,000 (2018: HK\$108,000) has been reallocated into “Other borrowings”.

Consolidated statement of profit or loss (extract)

	2019 HK\$'000 (Re-presented)	Loss Decrease/ (increase) HK\$'000 (note 3.4(a))	Loss Decrease/ (increase) HK\$'000 (note 3.4(b))	2019 HK\$'000 (Restated and re-presented)
Continuing operations				
Administrative expenses	(19,517)	1,410	–	(18,107)
Fair value loss on debt investment at FVTPL	–	–	(130)	(130)
Loss before income tax	(19,890)	1,410	(130)	(18,610)
Income tax	–	–	–	–
Loss from continuing operations	(19,890)	1,410	(130)	(18,610)
Discontinued operation				
Profit from discontinued operation	4,814	–	–	4,814
	(15,076)	1,410	(130)	(13,796)
Loss attributable to:				
Owners of the Company				
Loss for the year from continuing operations	(18,834)	1,410	(130)	(17,554)
Loss for the year from discontinued operation	(1,984)	–	–	(1,984)
	(20,818)	1,410	(130)	(19,538)
Loss attributable to:				
Non-controlling interests				
Loss for the year from continuing operations	(1,056)	–	–	(1,056)
Profit for the year from discontinued operation	6,798	–	–	6,798
	5,742	–	–	5,742

	2019 HK\$'000	Loss Decrease/ (increase) HK\$'000	Loss Decrease/ (increase) HK\$'000	2019 HK\$'000 (Restated and re-presented)
	(Re-presented)	<i>(note 3.4(a))</i>	<i>(note 3.4(b))</i>	
Loss per share from continuing and discontinued operation attributable to the owners of the Company				
Basic and diluted	(17.6)	1.2	(0.1)	(16.5)
Loss per share from continuing operations attributable to the owners of the Company				
Basic and diluted	(15.9)	1.2	(0.1)	(14.8)

4. SEGMENT REPORTING

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

The Group reportable segments are managed separately as each business offers different and requires different business strategies. During the year, the Group has three (2019: two) reportable operating segments.

During the year, the operation for the Forestry and Agricultural Business was discontinued upon the disposal of Green Resources Navigator International Limited and its subsidiaries (collectively the “Green Resources Group”) and 阿哈爾捷科技(深圳)有限公司 (“Other Disposed Company”). The following summary describes the operations in the Group’s reportable segments:

Continuing operations

- The sales of plantation and household products (the “Plantation and Household Business”); and
- The provision of financial services (the “Financial Services Business”).

Discontinued operation

- The Forestry and Agricultural Business.

The management of the Company monitors the results of the Group’s operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment results, which is measure of adjusted profit or loss before income tax. The adjusted profit or loss before income tax is measured consistently with the Group’s profit or loss before income tax except that unallocated finance costs, as well as corporate expenses are excluded from such measurement.

Segment assets exclude investments in associates, unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude other borrowing, other loans, unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

- (i) The following summary describes the operations in each of the Group's reportable segments:

	Year ended 31 December 2020				
	Continuing operations			Discontinued operation	Total HK\$'000
	Plantation and Household Business HK\$'000	Financial Services Business HK\$'000	Subtotal HK\$'000	Forestry and Agricultural Business HK\$'000	
Reportable segment revenue	20,953	208	21,161	-	21,161
Reportable segment loss	(1,229)	(525)	(1,754)	(841)	(2,595)
Unallocated corporate expenses					(15,501)
Unallocated finance costs					(732)
Loss before income tax					(18,828)
Reportable segment assets	17,378	4	17,382	-	17,382
Unallocated assets (note)					2,152
Total assets					19,534
Reportable segment liabilities	10,237	34	10,271	-	10,271
Unallocated liabilities (note)					51,304
Total liabilities					61,575
Other information					
Unallocated capital expenditure					152
Depreciation	23	639	662	-	662
Unallocated depreciation					725
					1,387
Interest income	1	-	1	2	3
Unallocated interest income					60
					63
Gain on disposal of subsidiaries	-	633	633	3,292	3,925
Unallocated loss on disposal of subsidiaries					(1,001)
					2,924
Written off of other receivables	-	-	-	4,560	4,560
Unallocated written off of other receivables					211
					4,771
Reversal of impairment loss of trade receivables	-	-	-	1,051	1,051
Write-down of inventories	-	-	-	16	16
Unallocated impairment loss of other receivables					218
Unallocated share of losses of associates					71
Unallocated fair value loss on equity investments at FVTPL					90
Unallocated fair value loss on debt investment at FVTPL					3,203
Unallocated loss on written off of property, plant and equipment					27

Year ended 31 December 2019

	Continuing operation	Discontinued operation	
	Financial Services Business <i>HK\$'000</i>	Forestry and Agricultural Business <i>HK\$'000</i>	Total <i>HK\$'000</i> (Restated and represented)
Reportable segment revenue	473	30,156	30,629
Reportable segment (loss)/profit	(2,642)	5,281	2,639
Unallocated corporate expenses			(15,252)
Unallocated finance costs			(716)
Loss before income tax			(13,329)
Reportable segment assets	18,171	20,090	38,261
Unallocated assets (<i>note</i>)			36,135
Total assets			74,396
Reportable segment liabilities	2,084	43,752	45,836
Unallocated liabilities (<i>note</i>)			12,199
Total liabilities			58,035
Other information			
Unallocated capital expenditure			4,369
Depreciation and amortisation	192	754	946
Unallocated depreciation and amortisation			1,321
			2,267
Interest income	1	–	1
Reversal of impairment loss of trade receivables	–	86	86
Write-down of inventories	–	91	91
Unallocated share of losses of associates			813
Unallocated fair value loss on equity investments at FVTPL			238
Unallocated fair value loss on debt investment at FVTPL			130
Loss on written off of property, plant and equipment	–	2,136	2,136
Loss on written off of intangible assets	–	500	500

Note:

Unallocated assets mainly represent investments in associates and financial assets at fair value through other comprehensive income and at fair value through profit or loss.

Unallocated liabilities mainly represent other borrowing, other loans and bond payable.

(ii) Geographical Information

Revenue from external customers

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i> (Re-presented)
Continuing operations		
Hong Kong	3,478	473
The PRC	850	–
The United States (the “US”)	16,833	–
	<u>21,161</u>	<u>473</u>
Discontinued operation		
The PRC	–	30,156
	<u>–</u>	<u>30,156</u>

The classification of the revenue arising from the Forestry and Agricultural Business is based on the location of the customers’ operation.

The classification of the revenue arising from the Financial Services Business is based on the location of stock exchanges of the underlying securities investments made by their clients, the location of the borrowed funds first available to their borrowers; or the location of the client’s operation.

Specified non-current assets

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Hong Kong	5,112	17,005
The PRC	–	1,405
	<u>5,112</u>	<u>18,410</u>

The specified non-current assets information above is based on the locations of the assets and/or locations of the operations.

5. REVENUE

An analysis of revenue as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i> (Re-presented)
Continuing operations		
Revenue from contracts with customers within the scope of HKFRS 15:		
Sales of household products	17,683	–
Sales of plantation products	3,270	–
	<u>20,953</u>	–
Revenue from other sources		
Loan interest income	208	473
	<u>21,161</u>	<u>473</u>
Discontinued operation		
Revenue from contracts with customers within the scope of HKFRS 15:		
Sales of wood and agricultural products	–	30,156
	<u>–</u>	<u>30,156</u>
Disaggregated revenue information:		
For the year ended 31 December 2020		
		Sales of household and plantation products <i>HK\$'000</i>
Time of revenue recognition (continuing operations)		
Goods transferred at a point in time		<u>20,953</u>
For the year ended 31 December 2019		
		Sales of wood and agricultural products <i>HK\$'000</i> (Re-presented)
Time of revenue recognition (discontinued operation)		
Goods transferred at a point in time		<u>30,156</u>

6. OTHER INCOME, GAINS AND LOSSES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i> (Restated and re-presented)
Continuing operations		
Bank interest income	1	1
Other interest income	60	–
COVID-19-Related rent concessions	290	–
Written back of other payables and accruals	220	1,624
Government subsidies (<i>note</i>)	122	–
Exchange loss, net	(387)	(34)
Written off of property, plant and equipment	(27)	–
Sundry income	178	80
	<u>457</u>	<u>1,671</u>
	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i> (Restated and re-presented)
Discontinued operation		
Bank interest income	2	–
Reversal of impairment loss of trade receivables	1,051	86
Written back of trade payables	–	8
Written back of other payables and accruals	–	8,071
Written off of property, plant and equipment	–	(2,136)
Written off of intangible assets	–	(500)
Sundry income	1,140	408
Write-down of inventories	(16)	(91)
Exchange loss, net	(82)	–
	<u>2,095</u>	<u>5,846</u>

Note: There are no unfulfilled conditions or other contingencies attaching to these subsidies. All government subsidies have been received during the year. The Group did not benefit from other forms of government assistance.

7. FINANCE COSTS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i> (Re-presented)
Continuing operations		
Interest on lease liabilities	42	54
Interest on other borrowing	682	680
Interest on bond payable	43	–
	<u>767</u>	<u>734</u>

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i> (Re-presented)
Discontinued operation		
Interest on other loans	769	708
	<u>769</u>	<u>708</u>

8. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i> (Restated and re-presented)
Continuing operations		
Cost of inventories recognised as expenses	18,264	–
Auditors' remuneration		
– for the year	2,140	1,249
– under-provision for prior year	197	–
Depreciation of property, plant and equipment*	436	867
Depreciation of right-of-use assets*	951	646
Exchange loss, net	387	34
Loss on written off of property, plant and equipment	27	–
	<u>27</u>	<u>–</u>

* Included in administrative expenses

Discontinued operation – Forestry and Agricultural Business

During the year, the Group disposed of Green Resources Group and the Other Disposed Company, which were engaged in the Forestry and Agricultural Business except a subsidiary which was engaged in investment holding. Details of the disposals were set out in note 18. The revenue, results and cash flows of the Forestry and Agricultural Business from 1 January 2020 and up to the disposal dates were as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i> (Re-presented)
Revenue	–	30,156
Expenses	<u>(4,133)</u>	<u>(24,875)</u>
(Loss)/profit before gain on disposal of subsidiaries and income tax	(4,133)	5,281
Gain on disposal of subsidiaries	<u>3,292</u>	<u>–</u>
(Loss)/profit before income tax from the discontinued operation	(841)	5,281
Income tax	<u>–</u>	<u>(467)</u>
(Loss)/profit for the year from discontinued operation	<u>(841)</u>	<u>4,814</u>
Operating cash inflow	12,849	276
Investing activities	–	–
Financing cash outflow	<u>(13,334)</u>	<u>–</u>
Total cash (outflows)/inflows	<u>(485)</u>	<u>276</u>

The carrying amounts of the assets and liabilities of the Green Resources Group and the Other Disposed Company at the dates of disposal are disclosed in note 18.

An aggregate gain from discontinued operation of HK\$3,292,000 arose on the disposals, being the proceeds of the disposals less the carrying amount of the subsidiaries' net assets attributable to the Group. No tax charge or credit arose from the disposals.

For the purpose of presenting discontinued operation, the comparative consolidated statement of profit or loss and consolidated statement of other comprehensive income and the related notes have been re-presented as if the operations discontinued during the year had been discontinued at the beginning of the comparative period.

9. INCOME TAX

The amount of income tax in the consolidated statement of profit or loss represents:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i> (Re-presented)
Continuing operations		
Current tax		
Current – Hong Kong	34	–
Current – PRC	663	–
	<u>697</u>	<u>–</u>
Discontinued operation		
Current tax		
Current – Hong Kong	–	467
	<u>697</u>	<u>467</u>

Hong Kong Profits Tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

Under the Enterprise Income Tax Law of the PRC, the Enterprise Income Tax has been provided at the rate of 25% during the year (2019: Nil).

Under the Cambodian Law on Taxation, the Cambodian corporate income tax (“CCIT”) is calculated at a rate of 20%. CCIT has not been provided as the Group did not generate any assessable profits arising in Cambodia during the both years.

10. DIVIDENDS

The Directors do not recommend any dividend for the year ended 31 December 2020 (2019: Nil).

11. LOSS PER SHARE

From continuing and discontinued operations

The calculation of basic loss per share is based on the loss for the year attributable to owners of the Company and the weighted average number of ordinary shares of the Company in issue during the year.

The calculation of basic loss per share is based on:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i> (Restated)
Loss for the year attributable to owners of the Company, used in the basic loss per share calculation	<u>(29,918)</u>	<u>(19,538)</u>
Number of share (<i>in '000</i>)		
Weighted average number of shares in issue during the year used in basic loss per share calculation	<u>124,683</u>	<u>118,137</u>

From continuing operations

The calculation of basic loss per share from continuing operations is based on:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i> (Restated and re-presented)
Loss for the year attributable to owners of the Company, used in the basic loss per share calculation	<u>(7,677)</u>	<u>(17,554)</u>
Number of share (<i>in '000</i>)		
Weighted average number of shares in issue during the year used in basic loss per share calculation	<u>124,683</u>	<u>118,137</u>

From discontinued operation

Basic loss per share from the discontinued operation is HK17.8 cents per share (2019: HK1.7 cents per share), based on the loss for the year from discontinued operation attributable to the owners of the Company of HK\$22,241,000 (2019: HK\$1,984,000) and the denominators detailed above for basic loss per share.

20,757,500 shares were issued and held under the Share Award Scheme. As no award has been granted to any eligible person under the Share Award Scheme as at 31 December 2020 and 2019, the shares held under the Share Award Scheme is excluded from the computation of the weighted average number shares for the year ended 31 December 2020 and 2019 when calculating the basic loss per share.

No adjustment has been made to the basic loss per share for the year ended 31 December 2019 in respect of a dilution, as the impact of the share options outstanding had an anti-dilutive effect. There was no potential dilutive ordinary shares for the year ended 31 December 2020.

12. TRADE RECEIVABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade receivables	9,779	13,723
Less: Impairment allowances	–	(1,051)
	<u>9,779</u>	<u>12,672</u>
Trade receivables arising from the Plantation and Household Business (2019: the Forestry and Agricultural Business)		
Other clients	–	100
Less: Impairment allowances	–	(100)
	<u>–</u>	<u>–</u>
	<u>9,779</u>	<u>12,672</u>

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 60-90 days (2019: 60-150 days). Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The ageing analysis of the Group's trade receivables at the end of each reporting period, based on invoice date and net of impairment allowances, is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Within 1 month	2,981	–
More than 1 month but within 2 months	2,277	4,645
More than 2 months but within 3 months	987	4,201
More than 3 months but within 6 months	2,188	3,826
More than 6 months but within 1 year	1,346	–
	<u>9,779</u>	<u>12,672</u>

The movements in impairment allowances for trade receivables during the year are as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
At 1 January	1,151	7,955
Reversal of impairment	(1,051)	(86)
Disposal of subsidiaries	(100)	–
Amount written off as uncollectible	–	(6,718)
At 31 December	<u>–</u>	<u>1,151</u>

An impairment analysis is performed at each reporting date using a provision matrix to measure ECLs. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

13. DEBT INVESTMENT AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i> (Restated)
Convertible Bond Receivable, at fair value	<u>650</u>	<u>3,853</u>

In 2017, the Company subscribed the Convertible Bond Receivable with a principal amount of HK\$4,001,000 issued by an independent third party (the “CB Issuer”) which bears interest at 1.5% per annum and is convertible into the 626,742 ordinary shares of the CB Issuer at a conversion price of HK\$6.38381 per share. During the year, the Group recognised a fair value loss of approximately HK\$3,203,000 (2019: HK\$130,000) in profit or loss.

14. TRADE PAYABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade payables arising from the Plantation and Household Business	8,936	–
Trade payables arising from the Financial Services Business	<u>–</u>	<u>6</u>
	<u>8,936</u>	<u>6</u>

The ageing analysis of trade payables at the end of the reporting period, based on invoice dates, was as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Within 1 month	3,720	–
More than 1 month but within 2 months	2,846	–
More than 2 month but within 3 months	2,240	–
More than 3 month but within 6 months	130	–
Over 1 year	<u>–</u>	<u>6</u>
	<u>8,936</u>	<u>6</u>

15. OTHER BORROWING

	Effective interest rate %	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Other borrowing – unsecured	8.5	8,106	8,106
Analysed into:			
Repayable within one year or on demand		8,106	8,106

The amount represents a loan from a financial institution with principal amount of HK\$8,000,000, interest-bearing at 8.5% per annum and repayable in May 2019.

Due to the claim by the lender that the other borrowing had become due and payable in May 2019, the lender filed a suit in the Court to demand immediate repayment from the Group.

16. BOND PAYABLE

	Effective interest rate %	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Perpetual bond	2.21	25,343	–

A total of US\$3.23 million (equivalent to HK\$25,000,000) perpetual bond with principal amount subject to contingent settlement provisions with certain specific events that are beyond the control of the Company and the holder, was issued by the Company on 28 April 2020. The bond is perpetual, non-redeemable in the first 10 years (with right to early redeem at tenth anniversary and/or the twentieth anniversary by the issuer) and entitle the holder to receive distributions at a distribution rate of 1% + U.S. 30 years government treasury bond per annum from 28 April 2020 and fixed at 1.207% from 28 April 2022.

17. SHARE CAPITAL

	2020		Notes	2019	
	Number	Amount HK\$'000		Number	Amount HK\$'000
Authorised:					
At 1 January	20,000,000,000	200,000		4,000,000,000	200,000
Share consolidation	-	-	(b)	(3,500,000,000)	-
Capital reduction	-	-	(c)(i)	-	(195,000)
Capital increase	-	-	(c)(ii)	19,500,000,000	195,000
	<u>20,000,000,000</u>	<u>200,000</u>		<u>20,000,000,000</u>	<u>200,000</u>
At 31 December	<u>20,000,000,000</u>	<u>200,000</u>		<u>20,000,000,000</u>	<u>200,000</u>
Issued and fully paid:					
At 1 January	145,440,151	1,455		831,261,212	41,563
Share subscription	-	-	(a)	166,200,000	8,310
Share consolidation	-	-	(b)	(872,778,561)	-
Capital reorganisation – capital reduction	-	-	(c)(i)	-	(48,626)
Conversion into shares held under share award scheme	-	-	(d)	20,757,500	208
	<u>145,440,151</u>	<u>1,455</u>		<u>145,440,151</u>	<u>1,455</u>
At 31 December	<u>145,440,151</u>	<u>1,455</u>		<u>145,440,151</u>	<u>1,455</u>

Notes:

- (a) On 12 April 2019, the Company entered into a subscription agreement with a subscriber, an independent third party, pursuant to which, the subscriber agreed to subscribe (the “Share Subscription”) for 166,200,000 subscription shares (or 20,775,000 Subscription Shares as adjusted for the Share Consolidation (as defined below)) at the subscription price of HK\$0.05 per subscription share (or HK\$0.4 as adjusted by the Share Consolidation). The Share Subscription was completed on 26 April 2019, with gross proceeds amounting to HK\$8,310,000.
- (b) On 17 May 2019, a share consolidation (the “Share Consolidation”) on the basis that every eight issued and unissued existing shares were consolidated into one consolidated share of HK\$0.4 each became effective. The Share Consolidation was approved by independent shareholders at the special general meeting held on 16 May 2019.

(c) On 3 July 2019, the Company effected a capital reorganisation (the “Capital Reorganisation”) involving the capital reduction, the capital increase, the reduction of share premium and the application of contributed surplus to set off against accumulated losses. The Capital Reorganisation was approved by independent shareholders at the special general meeting on 2 July 2019. Details of which are as follows:

(i) Capital reduction

This involves (i) the reduction of the nominal value of each then issued share from HK\$0.4 each (after taken into account the effect of the Share Consolidation) to HK\$0.01 each by cancelling the paid up capital of the Company, which resulted in a reduction of issued and paid up capital of the Company from approximately HK\$49,873,000 divided into 124,682,551 shares of par value of HK\$0.4 each to approximately HK\$1,247,000 divided into 124,682,551 shares of par value of HK\$0.01 each; and (ii) the reduction of the authorised share capital of the Company from par value of HK\$0.40 each to HK\$0.01 each, which resulted in the authorised share capital of the Company being reduced from HK\$200,000,000 divided into 500,000,000 shares of par value of HK\$0.40 each to HK\$5,000,000 divided into 500,000,000 shares of par value of HK\$0.01 each. The credit arising from such capital reduction of approximately HK\$48,626,000 was transferred to the contributed surplus.

(ii) Capital increase

This involves the increase of the authorised share capital of the Company from HK\$5,000,000 divided into 500,000,000 new shares to HK\$200,000,000 divided into 20,000,000,000 new shares.

(d) In August 2019, the then convertible bond was converted into 20,757,500 shares (as adjusted for the Share Consolidation) of the Company (the “Conversion Shares”).

As at 31 December 2019 and 31 December 2020, the Conversion Shares were held by the a trustee (the “Trustee”) under the share award scheme and no award has been granted to any eligible person under the share award scheme as at 31 December 2019 and 31 December 2020. Therefore, the Conversion Shares held under the share award scheme are accounted for in the “Shares held for Share Award Scheme” account as at 31 December 2020 and 2019.

18. DISPOSAL OF SUBSIDIARIES

During the year the Group disposed of (i) the Green Resources Group mainly involving in the Forestry and Agricultural Business, (ii) Protective Fortune Limited and its subsidiaries (collectively the “Protective Fortune Group”) involving in the Financial Services Business and (iii) the Other Disposed Company involving in the Forestry and Agricultural Business at cash consideration of HK\$8, HK\$788 and HK\$1 respectively. The net liabilities of these subsidiaries attributable to the Group at the dates of disposal and their respective loss for the year were as follows:

	Green Resources Group 30 November 2020 HK\$'000	Protective Fortune Group 19 November 2020 HK\$'000	Other Disposed Company 21 December 2020 HK\$'000	Total HK\$'000
Property, Plant and equipment	1,001	–	–	1,001
Perpetual bond receivable	–	1,870	–	1,870
Inventories	136	–	–	136
Trade and other receivables	40	58	311	409
Cash and bank balance	14	24	29	67
Other payables and accruals	(394)	(2,192)	(1,718)	(4,304)
Other loan	(4,276)	–	–	(4,276)
Tax payables	(4,351)	–	–	(4,351)
Non-controlling interests	6,361	(392)	–	5,969
Net liabilities attributable to the Group	<u>(1,469)</u>	<u>(632)</u>	<u>(1,378)</u>	<u>(3,479)</u>
Add:				
Exchange reserve recycled to profit or loss	556	–	–	556
Gain on disposal of subsidiaries included in loss for the year in the consolidated statement of profit or loss	<u>913</u>	<u>633</u>	<u>1,378</u>	<u>2,924</u>
Total consideration	<u>–</u>	<u>1</u>	<u>–</u>	<u>1</u>
Satisfied by:				
Cash	<u>–</u>	<u>1</u>	<u>–</u>	<u>1</u>
Net cash outflow arising on disposal:				
Cash consideration	–	1	–	1
Bank balances and cash disposed of	<u>(14)</u>	<u>(24)</u>	<u>(29)</u>	<u>(67)</u>
	<u>(14)</u>	<u>(23)</u>	<u>(29)</u>	<u>(66)</u>
Loss for the year	<u>(1,771)</u>	<u>(731)</u>	<u>(71)</u>	<u>(2,573)</u>
Attributable to:				
– Continuing operations	(1,001)	731	–	(1,732)
– Discontinued operation	<u>(770)</u>	<u>–</u>	<u>(71)</u>	<u>(841)</u>

19. EVENTS AFTER THE REPORTING DATE AND EFFECT OF COVID-19

Events after the reporting period

On 2 June 2021, the Company received a winding-up petition from the Lender for its failure to settle the Defaulted Loan together with any unpaid interest thereon and costs of approximately HK\$9,397,000. As at the date of this announcement, the Company has applied to the Court for adjournment of the winding-up petition supported by the Scheme of Arrangement.

Subsequent to the end of the reporting period and up to the date of this announcement, the Group had solicited letters of support from its creditors representing not less than 75% in value and not less than 50% in number to participate in the Scheme of Arrangement.

Effect on COVID-19

The World Health Organisation declared coronavirus and COVID-19 a global health emergency on 30 January 2020. Governments in the countries in which the Group operates also implemented various measures which might mitigate some of the impact of the COVID-19 pandemic to the results and liquidity position of the Group. To the extent appropriate, the Group applies for such government assistance. Details of all of the arrangements that might be available and the period throughout which they will remain available are continuing to evolve and remain subject to uncertainty.

The Directors are continuing to assess the implications of COVID-19 pandemic to the business in which the Group operates. Depending on the duration of the COVID-19 pandemic and continued negative impact on economic activity, the Group might experience further negative results, and liquidity restraints and incur additional impairments on its assets in 2021 and/or after.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

Revenue

The Group recorded revenue of HK\$21.2 million for the year ended 31 December 2020 (2019: HK\$30.6 million).

Gross Profit

For the year ended 31 December 2020, the Group recorded gross profit and gross profit margin of HK\$2.9 million (2019: HK\$4.4 million) and 13.7% (2019: 14.5%) respectively.

Loss for the Year

For the year ended 31 December 2020, the Group recorded consolidated loss and consolidated loss attributable to the owners of the Company from continuing operations of HK\$18.7 million (2019: HK\$18.6 million) and HK\$7.7 million (2019: HK\$17.6 million) respectively. The decrease in consolidated loss was mainly due to decrease in administrative expenses, but such decrease was offset by fair value loss on financial instruments.

BUSINESS REVIEW

As disclosed in the Company's interim report for the six months ended 30 June 2020, the Group, in view of the adverse impact of the COVID-19 pandemic on the product mix, market segments and geographical locations, leveraged on its resources and industrial connections established from the forestry and agricultural business in the sale of household products (e.g. wooden furniture), has since 2020, as a natural extension under the forestry and agricultural business, widened its product offerings in household and plantation products and extended its customer base to Hong Kong and the United States.

Whilst at the same time, given the disruptive impact of the COVID-19 pandemic on the business activities worldwide, particularly the logistics and supply chain, the Group adopted a prudent approach and reviewed its business portfolio. In consideration of the minimal assets and operations over years and prolonged net liabilities position and loss-making situation of the business in Cambodia as well as the volatile government policies and adverse business environment, the Group underwent a restructuring in 2020 and, as disclosed in its third quarterly report for the nine months ended 30 September 2020, disposed of the subsidiaries engaged in the forestry business in Cambodia ("Cambodian Subgroup"). However, given that the operation of the Cambodian Subgroup was situated in Cambodia while the extended operation of the forestry and agricultural business operate outside Cambodia, the disposal of the Cambodian Subgroup was treated as a discontinued operation under the disclosure requirements of HKFRS 5 "Non-Current Assets held for Sale and Discontinued Operations" and the Cambodian Subgroup is therefore disclosed as a discontinued operation under the "Forestry and Agricultural" business segment in the Group's consolidated financial statements

for the year ended 31 December 2020. Although the sale of household and plantation products (as an extended operation of the forestry and agricultural business) remained as continuing operation and is under the forestry and agricultural business segment, this business segment is renamed “Plantation and Household” so as to differentiate from the discontinued business segment of the Cambodian Subgroup.

As disclosed in the Company’s annual report for the year ended 31 December 2019, the securities and brokerage business under the Financial Services Business had ceased in 2019 and surrendered all of the business licences granted by the Securities and Futures Commission in 2020. In 2020, the Group disposed of the subsidiaries (“Securities Subgroup”) previously engaged in the securities and brokerage business.

Following the business portfolio streamlining (including disposal of non-core and loss-making businesses), the Group will continue to focus its resources on the development of its principal businesses of Plantation and Household Business and Financial Services Business.

RECENT DEVELOPMENT

As at 31 December 2020, the Group had consolidated net liabilities of HK\$42.0 million and the auditors of the Company has casted significant doubt about the Group’s ability to continue as a going concern. In addition, as disclosed in the Company’s announcement dated 2 June 2021, a creditor of the Company had filed a winding up petition against the Company. The Company and its legal advisers, as disclosed in its announcement dated 15 June 2021, have since then contemplated solutions to settle the winding up petition. The Directors considered that it would be in the interest of the Company, its creditors and shareholders to conduct a debt restructuring by way of scheme of arrangement (the “Scheme”) which would substantially reduce the outstanding liabilities of the Company and restore its financial position to normality. The Company had been making strenuous efforts to pursue the Scheme. As at the date of this results announcement, the Company had solicited letters of support from creditors (the “Participating Creditors”) of not less than 75% in value and not less than 50% in number to participate in the Scheme. Pursuant to an arrangement with the High Court of Hong Kong, the scheme document will be submitted to the court in February 2022 for application for leave to convene a creditors meeting. Upon the creditors’ approval at the creditors meeting, the Scheme will become effective after sanctioning by the court.

The support from the Participating Creditors strongly indicated that majority of the creditors of Company intend to rescue the Company and are confident in the prospects of the Company as evidenced by their agreement to participate in the Scheme to become shareholders of the Company. The Directors believe that the Scheme would benefit all of the stakeholders of the Company including the shareholders (particularly the public shareholders), the creditors and the employees.

PROSPECTS

Looking ahead, the challenges arising from the combined effect of the continuing Sino-United States conflict, the drastic changes in the business environment and disruption of global and regional supply chains in the midst of the pandemic as well as the worldwide potential interest and inflation hikes will continue to cast uncertainty on the global and local economy and may inevitably affect the Group's business operations.

Admittedly, this is a very difficult period for all but the Company is confident that it will be able to survive all these challenges. The Company is confident that, after trading in the shares of the Company resumes and the Scheme is successfully implemented, its financial position will return to normality and its businesses will progress steadily with good prospects.

As mentioned above, as part of the Group's restructuring to streamline its business portfolio, the Group disposed of its non-core subsidiaries including the Cambodian Subgroup and the Securities Subgroup. Upon appointment of BDO Limited ("BDO") as the auditors of the Company in May 2021, the new owners of the Cambodian Subgroup and the Securities Subgroup already took possession of the relevant books and records and those maintained by the Company were not sufficient for BDO to ascertain the carrying amounts and the results of such disposed subgroups. As a result, BDO has rendered a disclaimer opinion on the carrying amount and the income and expenses of the disposed subgroups, and the consequential gain or loss on such disposal. However, based on the best of the Company's knowledge and understanding from BDO, except for the comparative figures for the year ended 31 December 2020 to be included in the consolidated statement of profit and loss for the year ended 31 December 2021, the disclaimer of opinion for the current financial year will not have impact on the Group's consolidated financial statements for the year ended 31 December 2021.

FINANCIAL RESOURCES, BORROWINGS AND LIQUIDITY

During the year ended 31 December 2020, the Group's net cash generated from operating activities amounted to HK\$4.0 million (2019: outflow of HK\$27.5 million). Its net cash used in investing activities amounted to HK\$0.1 million (2019: outflow of HK\$3.5 million) and net cash outflow from financing activities amounted to HK\$6.6 million (2019: inflow of HK\$7.0 million). As a result of the cumulative effect described above, the Group recorded a net cash outflow of HK\$2.7 million (2019: HK\$24.0 million).

As at 31 December 2020, the Group had total assets of HK\$19.5 million (2019: HK\$74.4 million) and total liabilities of HK\$61.6 million (2019: HK\$58.0 million) i.e. the Group had net liabilities of HK\$42.0 million (2019: net asset of HK\$16.4 million (including non-controlling interests)) and the net liability value per Share as at the end of the reporting period amounted to HK\$0.3 (2019: net asset value per Share of HK\$0.14). As at 31 December 2020, the total borrowings of the Group amounted to HK\$44.2 million (2019: HK\$25.7 million), comprising borrowing of HK\$18.9 million (2019: HK\$25.7 million), and a bond of HK\$25.3 million (2019: Nil). As at 31 December 2020, the Group's current assets amounted to

HK\$12.9 million (2019: HK\$56.0 million), of which HK\$1.6 million (2019: HK\$4.2 million) was cash and bank balances, and its current liabilities amounted to HK\$50.8 million (2019: HK\$39.8 million).

CAPITAL STRUCTURE

As at 31 December 2020, the total number of issued Shares and the issued share capital of the Company were 145,440,151 (2019: 145,440,151) and HK\$1,454,401 (2019: HK\$1,454,401) respectively.

FUND RAISING ACTIVITIES

The Group did not complete any equity fund raising activities during the year ended 31 December 2020.

CAPITAL COMMITMENTS, SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITIONS AND DISPOSALS

Capital Commitment

No significant capital commitment of the Group was outstanding as at 31 December 2020.

Significant Investments and Material Acquisitions and Disposals

There was no significant investment and material acquisition during the year ended 31 December 2020. Details of the Group's material disposal during the year ended 31 December 2020 was disclosed in note 18 to the consolidated financial statements of the Group.

Charge on Assets of the Group

As at 31 December 2020, no material asset of the Group had been pledged.

RISKS FACTORS

Price

The prices of the Group's products are subject to a number of factors, including consumer demand, market supply and substitutions available etc. If there is a continuous decline in the prices of the products, the profitability of the Group will be adversely affected.

Competition

The Group's products are competitive and challenging due to pressure from rising production costs, volatile product prices and substitution of products. If the Group fails to respond to changes in market conditions and the market demand of its products, the financial performance of the Group will be adversely affected.

Credit Risk

Credit risk refers to the risk that a counter-party may default on its contractual obligations resulting in financial loss to the Group. The Group has a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. In order to minimise the credit risk of trade receivables, the management will monitor the Group's exposure to credit risk on an ongoing basis such as periodically review the customers' settlement pattern. For the year ended 31 December 2020, the Group did not provide for any expected credit loss (2019: nil).

EMPLOYEES' INFORMATION

As at 31 December 2020, the Group had 9 employees (2019: 43). The Group remunerates its employees based on their performance, working experience and the prevailing market conditions.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2020, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Board considers good corporate governance is a key element in managing the business and affairs of the Group. The management of the Group periodically reviews and proposes amendments to its corporate governance practices for compliance with the Corporate Governance Code as set out in Appendix 15 of the GEM Listing Rules. In the opinion of the Board, the Company has complied with the Corporate Governance Code.

Chairman and Chief Executive

To ensure a balance of power and authority, a clear division of the responsibilities of the chairman of the Board and the chief executive has been set out. The chairman is mainly responsible for providing leadership to the Board, encouraging all Directors to make full and active contribution to the Board's affairs and ensuring that the Board acts in the best interest of the Group. The chief executive is responsible for the implementation of the Group's strategies and policies adopted by the Board in achieving the overall commercial objectives and assumes full accountability to the Board for the operation of the Group. During the year ended 31 December 2020, the office of the chief executive remained vacated. The Board will keep reviewing its structure and should candidate with suitable knowledge, skill and experience be recruited, the Company will make appointment to fill the post as appropriate.

AUDIT COMMITTEE

The audit committee of the Board (the “Audit Committee”) has been established with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The Audit Committee’s primary duties include reviewing the annual reports and quarterly financial reports of the Company and providing advice and comments thereon to the Board. The Audit Committee is also responsible for reviewing and supervising the Company’s financial reporting and internal control procedures. The Audit Committee currently comprises all of independent non-executive Directors.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the audited consolidated financial statements for the year ended 31 December 2020 and discussed auditing, internal control and financial reporting matters including with the Group’s external auditors. There were no disagreements from the auditors or the Audit Committee in respect of the accounting policies adopted by the Company.

SCOPE OF WORK OF BDO

The figures the Group’s consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2020 as set out in this announcement have been agreed by the Group’s auditors, BDO, to the amount set out in the Group’s consolidated financial statements for the year. The work performed by BDO 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 on this announcement.

EXTRACT OF INDEPENDENT AUDITOR’S REPORT

The below paragraphs set out an extract of the report by BDO regarding the consolidated financial statements of the Group for the year ended 31 December 2020.

Disclaimer of Opinion

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matter described in the “Basis for Disclaimer of Opinion” section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Companies Ordinance.

Basis for Disclaimer of Opinion

Limitation of scope of work on the determination of the Disposal Groups as subsidiaries and on the disposal of the Disposal Groups

As disclosed in note 41 to the consolidated financial statements, the Group completed the disposal of a number of investees accounted for as subsidiaries engaged in forestry and agricultural business (the “Forestry and Agricultural Business”) and financial service business (collectively referred to as the “Disposal Groups”) on 19 November 2020, 30 November 2020 and 21 December 2020 respectively (the “Disposals”). For the period from 1 January 2020 to the respective disposal dates, the Disposal Groups generated a loss amounting to HK\$2,573,000. The gain on disposal of the Disposal Groups amounting to HK\$2,924,000 was included in the consolidated statement of profit or loss for the year ended 31 December 2020. Details are in note 41 to the consolidated financial statements.

We were only appointed as the auditor of the Group after the Disposals. The new owners of the Disposal Groups did not grant us the access to the books and records of the Disposal Groups, nor the predecessor auditor allowed us to review their working papers to obtain audit evidence in respect of the Disposal Groups.

As a result, we were unable to obtain sufficient appropriate evidence that we considered necessary to evaluate and determine whether the Disposal Groups should have been accounted for as subsidiaries of the Group as at 1 January 2020 to the respective disposal dates. There is no other alternative procedures that we could perform to evaluate whether the Disposal Groups were the subsidiaries of the Group. Had the Disposal Groups not been determined as subsidiaries of the Group, the line items of the Disposal Groups would not have been accounted for in accordance with the accounting policies set out in note 4.1 to the consolidated financial statements.

Due to the reason stated in the previously mentioned paragraph, we were also unable to determine whether (i) the carrying amounts of the Disposal Groups as at 1 January 2020; and (ii) the carrying amounts as at the respective disposal dates, the loss for the period from 1 January 2020 to the respective disposal dates and the gain on Disposals as disclosed in note 41 to the consolidated financial statements were fairly stated. Any adjustments in respect of the above amounts found necessary would have a consequential effect on the (i) the carrying amounts of the Disposal Groups as at the respective disposal dates; (ii) the loss of the Disposal Groups for the period from 1 January 2020 to the respective disposal dates; (iii) the gain on Disposals; and (iii) the related disclosures of the Disposals in the consolidated financial statements.

Material Uncertainty related to Going Concern

As disclosed in note 3.2 to the consolidated financial statements, the Group recorded a net loss attributable to the owners of the Company of approximately HK\$29,918,000 for the year ended 31 December 2020, and as at 31 December 2020, the Group's current liabilities exceeded its current assets by approximately HK\$37,949,000 and the Group had net liabilities of approximately HK\$42,041,000. Also, the Company received a winding-up petition from a lender for the Company's failure to settle an overdue loan and the unpaid interest thereon. These events or conditions, together with other matters described in note 3.2 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter

We draw attention to note 3.4 of the consolidated financial statements, which states that the Group has made certain prior year adjustments to restate the comparative amounts for the year ended 31 December 2019 and the opening balances as at 1 January 2019. Our opinion is not modified in respect of this matter.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.m-resources.com.hk). The 2020 Annual Report of the Company containing the information required by the Listing Rules will be dispatched to the shareholders and made available on the same websites in due course.

By Order of the Board of
M-Resources Group Limited
He Xuemei
Chairperson

Hong Kong, 31 January 2022

As at the date of this announcement, the Board comprises Ms. He Xuemei (Chairperson) as executive director and Ms. Pang King Sze, Rufina, Mr. Hong Bingxian and Mr. Huang Zhe as independent non-executive directors.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at <http://www.hkgem.com> for seven days from the date of its publication and on the website of the Company at <http://www.m-resources.com.hk>.