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M-Resources Group Limited

脈資資源集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 08186)

RESUMPTION OF TRADING

References are made to the announcements (the “Announcements”) of M-Resources Group Limited (the “Company”) dated 31 March 2021, 31 May 2021 and 22 December 2021 relating to the delay in the publication of annual results announcements for the year ended 31 December 2020, the three months ended 31 March 2021, the six months ended 30 June 2021 and the nine months ended 30 September 2021 (the “Outstanding Financial Results”) and the Stock Exchange’s guidance to the Company for resumption of trading in the shares of the Company. Unless otherwise stated, capitalised terms used in this announcement shall have the same meaning as those defined in the above announcements.

BACKGROUND

As disclosed in the announcements, since the 2020 Annual Results had not been published in accordance with the GEM Listing Rules, the Company had made an application for suspension of trading in its shares on the Stock Exchange with effect from 9:00 a.m. on 1 April 2021.

In May 2021, the Company received a letter from the Stock Exchange setting out the following Resumption Guidance:

- (a) publication of all outstanding financial results required under the GEM Listing Rules and address any audit modification;
- (b) demonstrating its compliance with Rule 17.26 of the GEM Listing Rules; and
- (c) announcing all material information for the Company’s shareholders and investors to appraise the Company’s position.

FULFILLMENT OF RESUMPTION GUIDANCE

1. Fulfillment of the First Resumption Guidance

The Company has published all the Outstanding Financial Results on 31 January 2022.

As disclosed in the results announcement of the Company for the year ended 31 December 2020 dated 31 January 2022, since the auditors of the Company were unable to obtain sufficient evidence which they considered necessary to ascertain the carrying amounts and the results of certain subgroup disposed of during 2020, the auditors rendered a disclaimer opinion on the carrying amount and the income and expenses of such disposed subgroup and the consequential gain or loss on such disposal. However, to the best of the Company's knowledge and understanding from the auditors, 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, such disclaimer opinion for the year ended 31 December 2020 will not have impact on the Group's consolidated financial statements for the year ended 31 December 2021.

In addition, in view of the net loss and net liabilities of the Group as well as the winding up petition filed by a creditor of the Company, the auditors included a note in the consolidated financial statements of the Group for the year ended 31 December 2020 that these events indicated the existence of a material uncertainty which might cast significant doubt about the Group's ability to continue as a going concern. However, the auditors also stated in the auditor's report that its opinion is not modified in respect of that matter.

Most importantly, it was further stated in the Company's results announcement for the year ended 31 December 2020 that the figures in the Group's consolidated statements of profit or loss, consolidated statements of comprehensive income, consolidated statement of financial position and the related notes thereto have been agreed by the auditors to the amount set out in the Group's consolidated financial statements for the year ended 31 December 2020.

As at the date of this announcement, the Company does not have any outstanding financial results required to be published under the GEM Listing Rules or any unaddressed audit modification.

2. Fulfillment of the Second Resumption Guidance

The Group has been engaged in the sale of wood products (wooden furniture and household products) under its forestry and agriculture business since 2016. The Group initially sourced wood resources from its forests in Cambodia and processed the wood resources in its processing facility in Cambodia. However, as stated in its past financial reports, the Group's forestry and agricultural business in Cambodia had been subject to a number of adverse factors. Under the circumstances, the Group has diversified wood resources from other countries and the manufacturing of the Group's products has been gradually shifted to China.

Prior to 2020, the major customers of the Group's forestry and agricultural business were distributors in China. In 2020, in view of the adverse impact of the COVID-19 pandemic on different product mix, market segments and geographical locations, the Group had, leveraging on its resources and industrial connections established from the forestry and agricultural business and, as a natural extension under the business segment, widened its products offerings in household and plantation products to include decorative fixtures/lightings and Chinese herbal products and extended its customer base to include renowned household product distributors in Hong Kong and the United States.

The Group, with established supplies from different sources, will continue to expand the plantation and household business in terms of geographical coverage and product offerings and the Company is confident that the business will continue to progress steadily with good prospects. For the nine months ended 30 September 2021, the Group's plantation and household business recorded revenue of HK\$19.2 million, representing an annualised amount of HK\$25.6 million or a growth of more than 20% from the revenue of this business segment for the year ended 31 December 2020.

Given the above, the Company has been operating a viable and sustainable business that has substance for compliance with Rule 17.26 of the GEM Listing Rules. Accordingly, the Company is of the opinion that the Second Resumption Guidance has been fulfilled.

3. Fulfillment of the Third Resumption Guidance

Since suspension of trading in the shares of the Company, the Company has periodically made announcements for material development of the Group such that its shareholders and investors are apprised of the Group's position.

Based on the above, the Company are of the view that all conditions under the Resumption Guidance for resumption of trading in the shares of the Company have been fulfilled as at the date of this announcement.

RESUMPTION OF TRADING

An application has been made by the Company to the Stock Exchange for the resumption of trading in the shares of the Company with effect from 9:00 a.m. on 4 February 2022.

By order of the Board
M-Resources Group Limited
Leung Ka Ho
Company Secretary

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, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

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>.