



## **M-Resources Group Limited**

**脈資資源集團有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 08186)**

### **UNAUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021**

#### **CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED**

**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.**

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*This announcement, for which the board (“Board”) of directors (“Directors”) of M-Resources Group Limited (“Company”) collectively and individually accept full responsibility, includes particulars in compliance with the Rules Governing the Listing of Securities on GEM (“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 unaudited consolidated final results of the Company and its subsidiaries (“Group”) for the year ended 31 December 2021 as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2021

	<i>Notes</i>	<b>2021</b> <b>HK\$’000</b> <b>(Unaudited)</b>	2020 <b>HK\$’000</b> <b>(Audited)</b>
<b>Continuing operations</b>			
Revenue	5	<b>27,087</b>	21,161
Cost of sales		<b>(23,803)</b>	(18,264)
Gross profit		<b>3,284</b>	2,897
Other income, gains and losses	6	<b>(30)</b>	457
Administrative expenses		<b>(6,367)</b>	(16,413)
Finance costs	7	<b>(1,965)</b>	(767)
Fair value loss on debt investment at fair value through profit or loss	14	<b>(87)</b>	(3,203)
Fair value loss on equity investments at fair value through profit or loss		–	(90)
Impairment loss on other receivables		<b>(809)</b>	(218)
Written off of other receivables		–	(211)
Loss on disposal of subsidiaries		–	(368)
Share of losses of associates		–	(71)
Loss before income tax	8	<b>(5,974)</b>	(17,987)
Income tax	9	<b>(746)</b>	(697)
Loss from continuing operations		<b>(6,720)</b>	(18,684)
<b>Discontinued operation</b>			
Loss from discontinued operation	8	–	(841)
Loss for the year		<b>(6,720)</b>	(19,525)

	<i>Note</i>	<b>2021</b> <b>HK\$'000</b> <b>(Unaudited)</b>	2020 <i>HK\$'000</i> <i>(Audited)</i>
<b>Loss for the year attributable to:</b>			
Owners of the Company:			
Loss for the year from continuing operations		<b>(6,720)</b>	(7,677)
Loss for the year from discontinued operation		—	(22,241)
		<u><b>(6,720)</b></u>	<u>(29,918)</u>
Non-controlling interests:			
Loss for the year from continuing operations		—	(11,007)
Profit for the year from discontinued operation		—	21,400
		<u>—</u>	<u>10,393</u>
		<u><b>(6,720)</b></u>	<u>(19,525)</u>
<b>Loss per share from continuing operations and discontinued operation attributable to owners of the Company</b>			
Basic and diluted	11	<u><b>HK cent (43.1)</b></u>	<u>HK cent (192.0)</u>
<b>Loss per share from continuing operations attributable to owners of the Company</b>			
Basic and diluted	11	<u><b>HK cent (43.1)</b></u>	<u>HK cent (49.3)</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
Loss for the year	(6,720)	(19,525)
<b>Other comprehensive income</b>		
Items that may be reclassified subsequently to profit or loss:		
Currency translation differences	–	(40)
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 investment at fair value through other comprehensive income, net of tax	(632)	(10)
<b>Other comprehensive income for the year, net of tax</b>	<u>(632)</u>	<u>506</u>
<b>Total comprehensive income for the year</b>	<u><b>(7,352)</b></u>	<u><b>(19,019)</b></u>
<b>Total comprehensive income attributable to:</b>		
Owners of the Company:		
Loss from continuing operations	(7,352)	(7,161)
Loss from discontinued operation	–	(22,251)
	<u>(7,352)</u>	<u>(29,412)</u>
Non-controlling interests:		
Loss from continuing operations	–	(11,007)
Profit from discontinued operation	–	21,400
	<u>–</u>	<u>10,393</u>
	<u><b>(7,352)</b></u>	<u><b>(19,019)</b></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

		31 December 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment		2,634	2,525
Right-of-use assets		336	87
Prepayment		2,500	2,500
Equity investment at fair value through other comprehensive income	12	271	903
Debt investment at fair value through profit or loss	14	563	650
		<u>6,304</u>	<u>6,665</u>
<b>Current assets</b>			
Inventories		1,655	1,002
Trade receivables	13	9,008	9,779
Prepayments, other receivables and other assets		517	533
Bank balances and cash		1,857	1,555
		<u>13,037</u>	<u>12,869</u>
Total assets		<u>19,341</u>	<u>19,534</u>
<b>Current liabilities</b>			
Trade payables	15	7,888	8,936
Other payables and accruals		8,580	7,648
Other borrowing	16	8,449	8,106
Other loans		15,914	–
Bond payable	17	25,895	25,343
Lease liabilities		404	88
Tax payables		1,443	697
		<u>68,573</u>	<u>50,818</u>
<b>Net current liabilities</b>		<u>(55,536)</u>	<u>(37,949)</u>
<b>Total assets less current liabilities</b>		<u>(49,232)</u>	<u>(31,284)</u>

		<b>31 December 2021</b>	31 December 2020
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
		<b>(Unaudited)</b>	(Audited)
<b>Non-current liabilities</b>			
Other loans		–	10,757
Lease liabilities		<b>161</b>	–
		<b>161</b>	10,757
<b>NET LIABILITIES</b>		<b>(49,393)</b>	(42,041)
<b>Capital and reserves</b>			
Share capital	18	<b>1,247</b>	1,455
Reserves		<b>(50,640)</b>	(43,496)
<b>Equity attributable to owners of the Company</b>		<b>(49,393)</b>	(42,041)
<b>Non-controlling interests</b>		–	–
<b>TOTAL DEFICIT</b>		<b>(49,393)</b>	(42,041)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

## 1. GENERAL INFORMATION

M-Resources Group Limited is a limited liability company incorporated in Bermuda. The ordinary shares of the Company are listed on GEM. 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 is principally engaged in sale of household and plantation products and provision of financial services.

## 2. ADOPTION OF HONG KONG ACCOUNTING STANDARDS AND INTERPRETATIONS ("HKAS") AND HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS")

### 2.1 Adoption of new/revised HKFRS – effective 1 January 2021

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

Amendments to HKFRS 16	COVID-19 Related Rent Concessions
Amendments to HKAS 39, HKFRS 4, 7, 9 and 16	Interest Rate Benchmark Reform – Phase 2

None of these new or amended HKFRS 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 HKFRS that is not yet effective for the current accounting period. Impact on the applications of these amended HKFRS are summarised below:

#### *Amendments to HKAS 39, HKFRS 4, 7, 9 and 16*

The amendment addresses issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate. The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when a risk-free rate is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the risk component of the risk-free rate to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

#### *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 HKFRS, 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 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use <sup>2</sup>
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract <sup>2</sup>
Annual Improvements to HKFRS 2018–2020 Cycle	Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards, HKFRS 9 Financial Instruments and HKFRS 16 Leases <sup>2</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>3</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current and related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements <sup>4</sup>
HKFRS 17	Insurance Contracts <sup>4</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>4</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>4</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>4</sup>

<sup>1</sup> Mandatory effective date yet to be determined but available for adoption.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>3</sup> 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.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2023.

## 3. BASIS OF PREPARATION

### 3.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with all HKFRS and HKAS and have included applicable disclosure required by the Hong Kong Companies Ordinance and the GEM Listing Rules.

### 3.2 Basis of measurement and going concern assumption

These consolidated financial statements have been prepared on historical cost basis except for certain financial instruments which are measured at fair value. The Group recorded a net loss attributable to the owners of the Company of approximately HK\$6.7 million for the year ended 31 December 2021. As at 31 December 2021, the Group's current liabilities exceeded its current assets by HK\$55.5 million and the Group had net liabilities of HK\$49.4 million. The Group's other borrowing, other loans and bond payable amounted to HK\$50.2 million which were classified as current liabilities, while its cash and cash equivalents amounted to HK\$1.9 million.



A winding-up petition dated 26 May 2021 was filed by a lender for the Company's failure to settle a loan together with unpaid interest thereon and costs of HK\$9.4 million as at that date. The receipt of the winding-up petition constituted a default event under the terms and conditions of the bonds, loans and payables of the Company. Such default entitled the other creditors of the Company the right to demand immediate repayment from the Company. Given the Group's highly indebted position, the Company has proposed a debt restructuring arrangement (the "Scheme") to its creditors. The Company has applied to The High Court of Hong Kong for an adjournment of the winding-up petition supported by the proposed Scheme and the court adjourned the hearing of the winding-up petition.

The 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 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 the Group's financial position and performance which include, but not limited to the following:

- (a) The court has given approval to convene a scheme meeting for its creditors to consider and, if appropriate, approve the Scheme. 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 its claims against the Company under the Scheme. When the Scheme is approved by the creditors, the sanction of the Court will be sought. The Scheme will become effective after the registration date of court order granted by the court. 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. Based on the letters of support received from its creditors representing not less than 75% in value and not less than 50% in number to participate in the Scheme, the Company is confident that it would receive sufficient support for the Scheme at the creditors meeting and the Scheme would be successful.
- (b) On 7 June 2021, the Company reached an agreement with a facility provider for provision of a loan facility of HK\$5 million to finance the operating costs of the Group and the costs of the Scheme, pursuant to which the lender is entitled to terminate the agreement if the Scheme is not successful (i.e. court's approval is not obtained or there is insufficient support from the creditors at the scheme meeting). The loan will be repayable upon the earlier of i) winding up of the Company or ii) the Scheme having become effective; and
- (c) The Group will continue to develop the household and plantation business to improve its operating cash flow.

Taking into account the above-mentioned measures, the Directors are of the opinion that 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 2021. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis. However, despite the above, there still exists a material uncertainty relating 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 amount of the Group's assets to the net recoverable amount, 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 financial 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.

## **4. SEGMENT REPORTING**

The Group determines its operating segments based on the reports used to make strategic decisions and reviewed by the chief operating decision-maker. The Group's reportable segments are managed separately as each business offers different opportunities and requires different business strategies. During the year, the Group has two (2020: three) reportable operating segments. The following summary describes the Group's operations under the reportable segments:

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

### **(i) Operations by segment**

The management of the Company monitors the results of the Group's operating segments separately for 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 and corporate expenses are excluded from such measurement. Segment assets exclude 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.

The following summary describes the operations in each of the Group's reportable segments:

	<b>Year ended 31 December 2021</b>		
	<b>Household and Plantation Business HK\$'000</b>	<b>Financial Services Business HK\$'000</b>	<b>Total HK\$'000</b>
<b>Reportable segment revenue</b>	<b>27,087</b>	–	<b>27,087</b>
<b>Reportable segment profit</b>	<b>493</b>	–	<b>493</b>
Unallocated corporate expenses			(4,505)
Unallocated finance costs			(1,962)
<b>Loss before income tax</b>			<b>(5,974)</b>
<b>Reportable segment assets</b>	<b>17,535</b>	–	<b>17,535</b>
Unallocated assets ( <i>note</i> )			1,806
<b>Total assets</b>			<b>19,341</b>
<b>Reportable segment liabilities</b>	<b>10,254</b>	–	<b>10,254</b>
Unallocated liabilities ( <i>note</i> )			58,480
<b>Total liabilities</b>			<b>68,734</b>
<b>Other information</b>			
Unallocated capital expenditure			185
Depreciation	81	–	81
Unallocated depreciation			307
			<b>388</b>
Unallocated impairment loss of other receivables			809
Unallocated fair value loss on debt investment at FVTPL			87

## Year ended 31 December 2020

	Continuing operation			Discontinued operation HK\$'000	Total HK\$'000
	Household and Plantation Business HK\$'000	Financial Services Business HK\$'000	Subtotal HK\$'000		
<b>Reportable segment revenue</b>	20,953	208	21,161	–	21,161
<b>Reportable segment loss</b>	(1,229)	(525)	(1,754)	(841)	(2,595)
Unallocated corporate expenses					(15,501)
Unallocated finance costs					(732)
<b>Loss before income tax</b>					(18,828)
<b>Reportable segment assets</b>	17,378	4	17,382	–	17,382
Unallocated assets (note)					2,152
<b>Total assets</b>					19,534
<b>Reportable segment liabilities</b>	10,237	34	10,271	–	10,271
Unallocated liabilities (note)					51,304
<b>Total liabilities</b>					61,575
<b>Other information</b>					
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

*Note:*

Unallocated assets mainly represent 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*

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Continuing operations</b>		
Greater China	<b>7,097</b>	4,328
United States	<b>19,684</b>	16,833
ASEAN	<b>306</b>	–
	<u><b>27,087</b></u>	<u>21,161</u>

The classification of the revenue arising from the Household and Plantation Business is based on the locations of the customers' operation.

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

*Specified non-current assets*

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Hong Kong	<u><b>5,470</b></u>	<u>5,112</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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Revenue from contracts with customers within the scope of HKFRS 15:</b>		
Sales of household products	20,894	17,683
Sales of plantation products	6,193	3,270
	<u>27,087</u>	<u>20,953</u>
<b>Revenue from other sources</b>		
Loan interest income	–	208
	<u>27,087</u>	<u>21,161</u>

Disaggregated revenue information:

	For the year ended 31 December 2021 <i>HK\$'000</i>	For the year ended 31 December 2020 <i>HK\$'000</i>
<b>Sales of household and plantation products</b>		
<b>Time of revenue recognition</b>		
Goods transferred at a point in time	<u>27,087</u>	<u>20,953</u>

## 6. OTHER INCOME, GAINS AND LOSSES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Continuing operations</b>		
Bank interest income	–	1
Other interest income	–	60
COVID-19 related rent concessions	–	290
Written back of other payables and accruals	–	220
Government subsidies ( <i>note</i> )	–	122
Exchange loss, net	(102)	(387)
Written off of property, plant and equipment	–	(27)
Sundry income	72	178
	<u>(30)</u>	<u>457</u>

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Discontinued operation</b>		
Bank interest income	–	2
Reversal of impairment loss of trade receivables	–	1,051
Sundry income	–	1,140
Write-down of inventories	–	(16)
Exchange loss, net	–	(82)
	<u>–</u>	<u>2,095</u>

*Note:* There is no unfulfilled condition or other contingency attached to these subsidies. All government subsidies were received during the year. The Group did not benefit from other forms of government assistance.

## 7. FINANCE COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Continuing operations</b>		
Interest on lease liabilities	28	42
Interest on other borrowing	680	682
Interest on other loans	705	–
Interest on bond payable	552	43
	<u>1,965</u>	<u>767</u>
	<u>2021</u> <i>HK\$'000</i>	<u>2020</u> <i>HK\$'000</i>
<b>Discontinued operation</b>		
Interest on other loans	–	769
	<u>–</u>	<u>769</u>

## 8. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Continuing operations</b>		
Cost of inventories recognised as expenses	23,803	18,264
Depreciation of property, plant and equipment	76	436
Depreciation of right-of-use assets	312	951
Exchange loss, net	102	387
Loss on written off of property, plant and equipment	–	27
	<u>24,113</u>	<u>19,705</u>

## Discontinued operation

During the year, the Group had disposed of certain subsidiaries. The related results and cash flows from 1 January 2020 and up to the disposal dates were as follows:

	2020 <i>HK\$'000</i>
Revenue	–
Expenses	<u>(4,133)</u>
Loss before gain on disposal of subsidiaries and income tax	(4,133)
Gain on disposal of subsidiaries	<u>3,292</u>
Loss before income tax from the discontinued operation	(841)
Income tax	<u>–</u>
Loss for the year from discontinued operation	<u><u>(841)</u></u>
Operating cash inflow	12,849
Investing activities	–
Financing cash outflow	<u>(13,334)</u>
Total cash outflows	<u><u>(485)</u></u>

There was an aggregate gain of HK\$3,292,000 from disposal of the discontinued operation, being the proceeds of the disposals less the carrying amount of the subsidiaries' net assets attributable to the Group. There was no tax charged or credit arisen from the disposals.



## 9. INCOME TAX

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Continuing operations</b>		
Current tax		
Current – Hong Kong	8	34
Current – The People’s Republic of China	<u>738</u>	<u>663</u>
	<u><b>746</b></u>	<u><b>697</b></u>

Hong Kong Profits Tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

Under the Enterprise Income Tax Law of The People’s Republic of China, the Enterprise Income Tax has been provided at the rate of 25% during the year (2020: Nil).

## 10. DIVIDENDS

The Directors do not recommend any dividend for the year ended 31 December 2021 (2020: Nil).

## 11. LOSS PER SHARE

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 from continuing and discontinued operations is based on:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loss for the year attributable to owners of the Company, used in the basic loss per share calculation	<u><b>(6,720)</b></u>	<u><b>(29,918)</b></u>
<b>Number of share (in '000)</b>		
Weighted average number of shares in issue during the year used in basic loss per share calculation	<u><b>15,585</b></u>	<u><b>15,585</b></u>

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loss for the year from continuing operations attributable to owners of the Company, used in the basic loss per share calculation	<u>(6,720)</u>	<u>(7,677)</u>
<b>Number of share (in '000)</b>		
Weighted average number of shares in issue during the year used in basic loss per share calculation	<u>15,585</u>	<u>15,585</u>

For the year ended 31 December 2020, basic loss per share from discontinued operation is HK142.7 cents per share based on the loss of HK\$22,241,000 from discontinued operation attributable to the owners of the Company for the year and the denominators detailed above.

As at 31 December 2020, 20,757,500 shares were issued and held under the share award scheme of the Company. As no share was granted during the year ended 31 December 2020, the shares held under the share award scheme excluded from computation of the weighted average number of shares for the year ended 31 December 2020 in calculating the basic loss per share. The 20,757,500 shares held under the share award scheme were cancelled in January 2021.

No adjustment was made to the basic loss per share for the year ended 31 December 2020 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect. There was no potential dilutive ordinary share for the year ended 31 December 2021.

## 12. EQUITY INVESTMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Listed shares suspended for trading, at fair value	<u>271</u>	<u>903</u>

The equity investment was for medium-term investment purpose and were designated by the Group as equity investment at FVTOCI. During the year, the Group recognised a fair value loss of HK\$632,000 (2020: HK\$10,000) in other comprehensive income. The Group did not receive any dividend income from the listed equity investment.

The fair value of equity investment was based on the draft valuation prepared by an independent valuer and the fair value has not been agreed by the auditors of the Company.

### 13. TRADE RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables	9,008	9,779
Less: Impairment allowances	—	—
	<u>9,008</u>	<u>9,779</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 (2020: 90–150 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.

### 14. DEBT INVESTMENT AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Convertible Bond Receivable, at fair value	<u>563</u>	<u>650</u>

In 2017, the Company subscribed the convertible bond with principal amount of HK\$4 million issued by an independent third party which bears interest at 1.5% per annum and is convertible into the 626,742 ordinary shares of the issuer at a conversion price of HK\$6.38381 per share. During the year, the Group recognised a fair value loss of HK\$87,000 (2020: HK\$3,203,000) in profit or loss.

The fair value of the convertible bond receivable was based on the draft valuation prepared by an independent valuer and the fair value has not been agreed by the auditors of the Company.

### 15. TRADE PAYABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade payables	<u>7,888</u>	<u>8,936</u>

### 16. OTHER BORROWING

	Effective interest rate %	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Other borrowing – unsecured	8.5	<u>8,449</u>	<u>8,106</u>
Analysed into:			
Repayable within one year or on demand		<u>8,449</u>	<u>8,106</u>

The amount represents a loan from a financial institution which has a principal amount of HK\$8,000,000 and is interest-bearing at 8.5% per annum and is immediately repayable.

## 17. BOND PAYABLE

	Effective interest rate %	2021 HK\$'000	2020 HK\$'000
Perpetual bond	2.21	<u>25,895</u>	<u>25,343</u>

A perpetual bond with principal amount of US\$3.23 million subject to contingent settlement provisions under certain specific events that are beyond the control of the Company and the holder was issued by the Company in April 2020. The bond is non-redeemable in the first 10 years (with right to early redeem at the 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. The bond is immediately repayable as a result of the winding-up petition against the Company.

## 18. SHARE CAPITAL

	2021		Notes	2020	
	Number	Amount HK\$'000		Number	Amount HK\$'000
Authorised:					
At 1 January	20,000,000,000	200,000		20,000,000,000	200,000
Share consolidation	<u>(17,500,000,000)</u>	—	(b)	—	—
At 31 December	<u>2,500,000,000</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		145,440,151	1,455
Cancellation of shares held under					
Share Award Scheme	<u>(20,757,500)</u>	<u>(208)</u>	(a)	—	—
Share consolidation	<u>(109,097,320)</u>	—	(b)	—	—
At 31 December	<u>15,585,331</u>	<u>1,247</u>		<u>145,440,151</u>	<u>1,455</u>

### Notes:

- (a) On 5 January 2021, the Company cancelled the 20,757,500 shares held under the share award scheme.
- (b) On 8 February 2021, a share consolidation on the basis that every eight issued and unissued existing shares were consolidated into one consolidated share of HK\$0.08 each became effective.

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

### **Events after the reporting period**

In March 2022, the court has given approval to the Company to convene a scheme meeting of its creditors to consider and, if appropriate, approve the Scheme.

### **Effect on COVID-19**

The World Health Organisation declared coronavirus and COVID-19 a global health emergency on 30 January 2020. Government 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. 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 will continue to assess the implication of the COVID-19 pandemic on the Group's businesses. Depending on the duration of the COVID-19 pandemic and its negative impact on economic activities, 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, gross profit and loss for the year**

During the year ended 31 December 2021, the revenue of the Group was increased by 28.0% to HK\$27.1 million (2020: HK\$21.2 million). As a result, the Group recorded an increase in gross profit to HK\$3.3 million (2020: HK\$2.9 million) but a slight decrease in gross profit margin to 12.1% (2020: 13.7%) due to the increase in sales of plantation products in the Group's product offerings which commanded lower gross profit margin.

For the year ended 31 December 2021, the Group recorded consolidated loss of HK\$6.7 million (2020: HK\$18.7 million) and consolidated loss of HK\$6.7 million (2020: HK\$7.7 million) attributable to the owners of the Company from continuing operations. The decrease in consolidated loss was mainly due to the Group's efforts in streamlining its business structures and implementation of cost-savings measures.

### **BUSINESS REVIEW**

In view of the adverse impact of the COVID-19 pandemic on the product mix, market segments and geographical locations, the Group, leveraging on its resources and industrial connections, has since 2020 widened its product offerings in household and plantation products and extended its customer base. The Group will continue to focus on the development of its principal businesses i.e. Household and Plantation Business and Financial Services Business.

### **RECENT DEVELOPMENT AND PROSPECTS**

Looking ahead, the outlook for the global economy is still uncertain. The challenges arising from 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 emergence of new COVID-19 variants, elevated inflation concerns and expected tightening of monetary policies will continue to impact on the global and local economy and may inevitably affect the Group's business operations. The Company's experience in 2020 and 2021 has shown that prompt response to changes in business landscape and prudent financial and liquidity management are key factors in withstanding major disruptions and uncertainties. The Group will proactively respond to the evolving market dynamics with an aim at achieving growth in recurring earnings. The Company is confident that, after the Scheme is successfully implemented and its financial position returns to normality, its businesses will progress steadily and deliver solid performances in the coming years.

## **FINANCIAL RESOURCES, BORROWINGS AND LIQUIDITY**

During the year ended 31 December 2021, the Group's net cash used in operating activities amounted to HK\$3.9 million (2020: inflow of HK\$4.1 million). Its net cash used in investing activities amounted to HK\$0.2 million (2020: HK\$0.1 million) and net cash inflow from financing activities amounted to HK\$4.4 million (2020: outflow of HK\$6.6 million). As a result of the cumulative effect described above, the Group recorded a net cash inflow of HK\$0.3 million (2020: outflow of HK\$2.7 million).

As at 31 December 2021, the Group had total assets of HK\$19.3 million (2020: HK\$19.5 million) and total liabilities of HK\$68.7 million (2020: HK\$61.6 million) i.e. the Group had net liabilities of HK\$49.4 million (2020: HK\$42.0 million) and the net liabilities value per share as at the end of the reporting period amounted to HK\$3.2 (2020: HK\$2.7). The total borrowings of the Group amounted to HK\$50.3 million (2020: HK\$44.2 million), comprising borrowing of HK\$24.4 million (2020: HK\$18.9 million) and a bond of HK\$25.9 million (2020: HK\$25.3 million). The Group's current assets amounted to HK\$13.0 million (2020: HK\$12.9 million), of which HK\$1.9 million (2020: HK\$1.6 million) was cash and bank balances, and its current liabilities amounted to HK\$68.6 million (2020: HK\$50.8 million).

## **CAPITAL STRUCTURE**

As at 31 December 2020, the total number of issued shares and the issued share capital of the Company were 15,585,331 (2020: 145,440,151) and HK\$1,247,000 (2020: HK\$1,455,000) respectively. The change in the total number of issued ordinary Shares and the issued share capital of the Company was due to the cancellation of 20,757,500 shares held under share award scheme and the share consolidation.

## **FUND RAISING ACTIVITIES**

The Group did not conduct any equity fund raising activities during the year ended 31 December 2021.

## **CAPITAL COMMITMENTS, SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITIONS AND DISPOSALS**

### **Capital Commitment**

There was no significant capital commitment of the Group outstanding as at 31 December 2021.

### **Significant Investments and Material Acquisitions and Disposals**

There was no significant investment and material acquisition/disposal during the year ended 31 December 2021.

### **Charge on Assets of the Group**

As at 31 December 2021, 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.



## **EMPLOYEES' INFORMATION**

As at 31 December 2021, the Group had 9 employees (2020: 9). 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**

Save as disclosed, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2021.

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

The Board considers good corporate governance to be 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 set out in Appendix 15 of the GEM Listing Rules. The Board takes the view that the Company has complied with the Corporate Governance Code.

### **Chairperson and Chief Executive**

To ensure a balance of power and authority, a clear division of the responsibilities of the chairperson of the Board and the chief executive has been set out. The chairperson 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. For the year ended 31 December 2021, 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 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 quarterly, interim and annual 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 unaudited consolidated financial statements of the Group for the year ended 31 December 2021 and the accounting principles and practices adopted by the Group.

## **DELAY IN PUBLICATION OF AUDITED ANNUAL RESULTS AND ANNUAL REPORT**

The audit process for the annual results of the Company for the year ended 31 December 2021 has not been completed due to the outbreak of the 5th wave of COVID-19 in Hong Kong. The unaudited annual results contained herein have not been agreed by the auditors of the Company, BDO Limited, as required under Rule 18.49 of the GEM Listing Rules. The Company will continuously work with its auditors to complete the audit process as soon as practicable and publish the announcement containing the annual results as agreed by BDO Limited and any material difference (if any) as compared with the unaudited annual results contained herein on or before 30 June 2022. Accordingly, publication of the annual report of the Group for the year ended 31 December 2021 containing all the information required by the GEM Listing Rules and the audited annual results will also be delayed. The Company will issue further announcement(s) as and when appropriate on any material development of the audit process.

This unaudited annual results announcement is published on websites of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company at [www.m-resources.com.hk](http://www.m-resources.com.hk). Further announcement(s) relating to the Company's annual results and annual report will also be published on the same websites in due course.

**The financial information for the year ended 31 December 2021 contained herein has not been audited and has not been agreed with the auditors of the Company. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

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

Hong Kong, 30 March 2022

*As at the date of this announcement, the Board comprises Ms. He Xuemei (Chairperson) and Ms. Chan Ho Yee as executive directors 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>.*