



M-Resources Group Limited

脈資資源集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 08186)

2022 FIRST QUARTERLY RESULTS

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 (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 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 in this announcement misleading.

UNAUDITED FIRST QUARTERLY RESULTS

The Board would like to present the unaudited condensed consolidated results (the “Results”) of the Company and its subsidiaries (the “Group”) for the three months ended 31 March 2022 (the “Reporting Period”), together with the unaudited comparative figures for the corresponding period in 2021.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the three months ended 31 March	
		2022	2021
	Notes	HK\$'000	HK\$'000
Revenue	3	5,614	4,936
Cost of sales		<u>(4,970)</u>	<u>(4,401)</u>
Gross profit		644	535
Other income and gains		–	152
Administrative expenses		(1,601)	(1,986)
Finance costs	4	<u>(476)</u>	<u>(459)</u>
Loss before income tax expenses		(1,433)	(1,758)
Income tax	5	<u>(143)</u>	<u>(129)</u>
LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		<u>(1,576)</u>	<u>(1,887)</u>
Loss per Share (HK cents)	6		
Basic and diluted		<u>(10.1)</u>	<u>(12.1)</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the three months ended 31 March	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY	(1,576)	(1,887)
OTHER COMPREHENSIVE INCOME		
Items that may be reclassified subsequently to profit or loss:		
Currency translation differences	–	–
<i>Less:</i> Income tax effect	–	–
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	–	–
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY	(1,576)	(1,887)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED RESULTS

1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in Bermuda. Its registered office is located at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM10, Bermuda and its 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 shares of the Company are listed on GEM.

During the Reporting Period, the Group is principally engaged in (i) the household and plantation business; and (ii) the financial services business and the accessories business.

2. BASIS OF PREPARATION

The Results have been prepared in accordance with Hong Kong Financial Reporting Standards (the “HKFRSs”, which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants), accounting principles generally accepted in Hong Kong and the applicable disclosure requirements of the GEM Listing Rules.

The Results have been prepared under the historical cost basis, except for equity investment at fair value through other comprehensive income and debt investment at fair value through profit or loss, which are stated at fair value. The principal accounting policies used in the preparation of the Results are consistent with those applied in the Company’s annual report for the year ended 31 December 2021, except for the adoption of new and revised HKFRSs that affect the Group and has adopted the first time for the current period’s unaudited condensed consolidated financial information.

3. REVENUE

Revenue recognised during the Reporting Period is analysed as follows:

	For the three months ended 31 March	
	2022 HK\$’000	2021 HK\$’000
Revenue from contracts with customers		
Sale of household products	3,763	3,450
Sale of plantation products	1,502	1,486
Sale of accessories items	349	–
	<u>5,614</u>	<u>4,936</u>

Disaggregated revenue information

	For the three months ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
Sales of household and plantation products and accessories items		
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	5,614	4,936
Total revenue from contracts with customers	<u>5,614</u>	<u>4,936</u>

4. FINANCE COSTS

	For the three months ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
Interest on other loans	334	318
Interest on bond	136	136
Interest on lease liabilities	6	5
	<u>476</u>	<u>459</u>

5. INCOME TAX EXPENSES

(a) Hong Kong Profits Tax

Hong Kong Profits Tax is calculated at a rate of 16.5% on the estimated profits arising in Hong Kong.

(b) PRC Enterprise Income Tax

Under the Enterprise Income Tax Law of the People's Republic of China, the enterprise income tax is calculated at a rate of 25%.

(c) Deferred taxation

No provision for deferred taxation is deemed necessary as the Group does not have any material deductible or taxable temporary differences for the Reporting Period.

6. LOSS PER SHARE

The calculation of basic loss per share is based on the unaudited consolidated loss for the period attributable to owners of the Company and the weighted average number of ordinary Shares in issue during the Reporting Period.

The calculation of basic loss per share is based on:

	For the three months ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
Loss for the period attributable to owners of the Company for the calculation of basic loss per Share	<u>(1,576)</u>	<u>(1,887)</u>
	Number of ordinary Shares For the three months ended 31 March	
	2022	2021
	'000	'000
Weighted average number of ordinary shares in issue during the period, used in the basic loss per Share calculation	<u>15,585</u>	<u>15,585</u>

7. DIVIDENDS

The Board does not recommend payment of dividend for the Reporting Period (2021: Nil).

8. COMMITMENTS

The Group did not have any material commitments during the Reporting Period.

9. RESERVES

	Attributable to owners of the Company					Total HK\$'000
	Share premium HK\$'000	Shares held for share award scheme HK\$'000	Working capital loan HK\$'000	Fair value reserve HK\$'000	Accumulated losses HK\$'000	
At 1 January 2022 (audited)	-	-	2,004	(642)	(50,565)	(49,203)
Loss for the period	-	-	-	-	(1,576)	(1,576)
Total comprehensive expense for the period	-	-	-	-	(1,576)	(1,576)
Working capital loan	-	-	1,299	-	-	1,299
As at 31 March 2022 (unaudited)	<u>-</u>	<u>-</u>	<u>3,303</u>	<u>(642)</u>	<u>(52,141)</u>	<u>(49,480)</u>
At 1 January 2021 (audited)	5,293	(5,501)	-	(10)	(43,278)	(43,496)
Loss for the period	-	-	-	-	(1,887)	(1,887)
Total comprehensive expense for the period	-	-	-	-	(1,887)	(1,887)
Cancellation of share award scheme	(5,293)	(5,501)	-	-	-	208
As at 31 March 2021 (unaudited)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10)</u>	<u>(45,165)</u>	<u>(45,175)</u>

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL AND BUSINESS REVIEW

The Group is engaged in the Household and Plantation Business and the Other Businesses (comprising the Financial Services Business and the Accessories Business). For the Reporting Period, the Group's revenue, gross profit and gross profit margin amounted to HK\$5.6 million (2021: HK\$4.9 million), HK\$0.6 million (2021: HK\$0.5 million) and 11.5% (2021: 10.8%) respectively. As a result of the Group's implementation of cost-savings measures, the Group managed to reduce its consolidated loss attributable to owners of the Company by 16.5% to HK\$1.6 million from HK\$1.9 million in the corresponding period in 2021. The basic and diluted loss per share attributable to the owners of the Company was HK10.1 cents (2021: HK12.1 cents).

Since almost all of the transactions of the Group and its recognised financial assets and liabilities are denominated either in Hong Kong dollars, United States dollars or Renminbi and the exchange rates of these currencies have been quite stable, the Group's foreign currency risk is not material and does not have a foreign currency hedging policy. However, the Group will continuously monitor its foreign exchange exposure and apply appropriate measures if necessary. The Group's businesses are also subject to certain risks including price fluctuations and competition of its product offerings.

EVENT AFTER THE REPORTING PERIOD

Save for the convening of the creditors meeting disclosed below, the Group did not have any material event after the Reporting Period.

PROSPECTS

The Company promptly responded to the debt crisis resulted from a petition filed by a creditor of the Company in May 2021 and has been pursuing a debt restructuring by way of scheme of arrangement in order to reduce the liabilities of the Company and restore its financial position to normality. The scheme has been approved by the requisite statutory majorities of creditors at the creditors meeting held in April 2022. The support from the creditors indicated that majority of the creditors of Company intend to rescue the Company and are confident in the prospects 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. The sanction hearing of the scheme before the court is scheduled in July 2022. Under the scheme, the creditors of the Company are entitled to elect settlement in cash or by allotment and issue of new shares of the Company for settlement of all of their claims against the Company. 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 shareholders updated of the development.

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, particularly the global spread of the COVID-19 variants, the worldwide potential interest and inflation hikes, will continue to cast uncertainty on the global and local economy and may inevitably and adversely impact on 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 the scheme is successfully implemented, its financial position will return to normality and its businesses will progress steadily with good prospects.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2022, the interest and short positions of the Directors or the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealings by Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Name of Director	Capacity of interest	Number of Shares held	Number of underlying Shares held	Percentage of shareholding in the Company (Note)
Ms. Chan Ho Yee	Personal	676,127	–	4.3%

Note: Based on 15,585,331 shares in issue as at 31 March 2022.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

As at 31 March 2022, no Director or the chief executive of the Company or their associates had any interest or right to subscribe for any securities of the Company or any of its associated corporations as defined in the SFO.

At no time during the Reporting Period was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or the chief executive of the Company or any of their respective associates (including spouses or children under eighteen years of age) to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 31 March 2022, so far as is known to any of the Directors or the chief executive of the Company, the following persons (other than a Director and the chief executive of the Company) had any interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO, who is interested in 5% or more of any class of share capital carrying rights to vote at the general meetings of the Company.

Long positions in the shares

Name of shareholders	Capacity of interest	Number of ordinary Shares held	Number of underlying Shares held	Percentage of shareholding in the Company (Note)
Mega Trillion International Corporation	Corporate	2,596,875	–	16.66%
Landmass Investments Limited	Corporate	1,517,212	–	9.73%
Jade Metro Limited	Corporate	1,031,250	–	6.62%

Note: Based on 15,585,331 shares in issue as at 31 March 2022.

SHARE OPTION SCHEME

The Company may grant share options to eligible participants to subscribe for the shares under its share option scheme approved by the shareholders of the Company on 10 June 2011 (the principal terms of which are set out in the Company's circular dated 27 April 2011). As at 31 March 2022, the Company had no share option outstanding and no share option was granted during the Reporting Period.

DIRECTORS' INTERESTS IN CONTRACTS

No contract, commitment or agreement of significance in relation to the Company's businesses, to which the Company or any of its subsidiaries was a party and in which any of the Directors had a material interest, either directly or indirectly, subsisted during the Reporting Period.

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

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

COMPETING INTERESTS

None of the Directors or the substantial shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) had engaged in any business that would competes or might compete with the businesses of the Group or had any other conflict of interests with the Group during the Reporting Period.

COMPLIANCE WITH CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms not less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has made enquiry to all Directors and each of them has confirmed his/her compliance with the required standard of dealings and the code of conduct concerning securities transactions by directors during the Reporting Period.

CORPORATE GOVERNANCE

During the Reporting Period, the Company has complied with the Code on Corporate Governance Practices set out in Appendix 15 of the GEM Listing Rules, except for the office of the chief executive officer of the Company being vacated. The Board will keep reviewing the current structure of the Board from time to time and should a candidate with suitable knowledge, skill and experience be identified, the Company will make appointment to fill the post as appropriate.

AUDIT COMMITTEE

As at the date of this announcement, the audit committee of the Board comprises three members, all being independent non-executive Directors. The chairperson of the audit committee is Ms. Pang King Sze, Rufina and the other members are Mr. Hong Bingxian and Mr. Huang Zhe. The audit committee's primary duties include ensuring that the Group's financial statements, annual and interim reports, and the independent auditor's report present a true and balanced assessment of the Group's financial position; reviewing the Group's financial control, internal control and risk management systems; and reviewing the Group's financial and accounting policies and practices. The audit committee is provided with sufficient resources to enable it to discharge its duties.

The audit committee had reviewed the Results and was of the opinion that the preparation of the Results complied with applicable accounting standards, the GEM Listing Rules and that adequate disclosures had been made.

By order of the Board
M-Resources Group Limited
Chan Ho Yee
Executive Director

Hong Kong, 13 May 2022

As at the date of this announcement, the Board comprises Ms. Chan Ho Yee 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>.