



M-Resources Group Limited

脈資資源集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 08186)

2022
Third Quarterly Report

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.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, 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 report 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 report misleading.

UNAUDITED THIRD QUARTERLY RESULTS

The Board would like to present the unaudited condensed consolidated results (“Results”) of the Company and its subsidiaries (“Group”) for the three months and the nine months ended 30 September 2022 (“Reporting Period”), together with the unaudited comparative figures for the corresponding periods in 2021, as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Revenue	2	4,372	8,865	20,381	19,194
Cost of sales		(3,884)	(7,652)	(17,924)	(16,904)
Gross profit		488	1,213	2,457	2,290
Other income and gains		56,478	–	56,795	290
Administrative expenses		1,674	(1,904)	(4,605)	(5,324)
Impairment loss on other receivables		–	(33)	–	(867)
Finance costs	3	(308)	(510)	(1,322)	(1,451)
Profit/(loss) before income tax expense		54,984	(1,234)	53,325	(5,062)
Income tax	4	(40)	(283)	(388)	(522)
Profit/(loss) and total comprehensive income for the period attributable to owners of the Company		54,944	(1,517)	52,937	(5,584)
Profit/(loss) per Share (HK cents)	5				
Basic and diluted		352.5	(9.2)	339.7	(32.8)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. BASIS OF PREPARATION

The Results are prepared in accordance with Hong Kong Financial Reporting Standards (which include all 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 are 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, other than those new and revised Hong Kong Financial Reporting Standards that affect the Group and are adopted for the first time in the Results.

2. REVENUE

	For the three months ended 30 September		For the nine months ended 30 September	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from contracts with customers				
Sale of household products	1,410	7,482	10,685	13,831
Sale of plantation products	1,182	992	3,787	4,666
Sale of accessories items	1,780	391	5,909	697
	4,372	8,865	20,381	19,194

Disaggregated Revenue Information

	For the three months ended 30 September		For the nine months ended 30 September	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Sales of household and plantation products and accessories items				
<i>Timing of revenue recognition</i>				
Goods transferred at a point of time	4,372	8,865	20,381	19,194
Total revenue from contracts with customers	4,372	8,865	20,381	19,194

3. FINANCE COSTS

	For the three months ended 30 September		For the nine months ended 30 September	
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest on other loans	281	363	954	1,017
Interest on bond	23	139	354	413
Interest on lease liabilities	4	8	14	21
	308	510	1,322	1,451

4. INCOME TAX EXPENSES

(a) Hong Kong Profits Tax

Hong Kong Profits Tax is calculated at the 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 ("PRC"), 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 three months and nine months ended 30 September 2021.

5. **PROFIT/(LOSS) PER SHARE**

	For the three months ended 30 September		For the nine months ended 30 September	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit/(loss) for the period				
Profit/(loss) for the period attributable to owners of the Company for the calculation of basic profit/(loss) per Share	54,944	(1,517)	52,937	(5,584)

	Number of Shares			
	For the three months ended 30 September		For the nine months ended 30 September	
	2022	2021	2022	2021
	'000	'000	'000	'000
Weighted average number of Shares in issue during the period, used in the basic profit/(loss) per Share calculations	15,585	15,585	15,585	15,585

6. **DIVIDEND**

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

7. **COMPARATIVE FIGURES**

Certain comparative figures and items are adjusted and reclassified to conform with the presentation of the current period.

8. RESERVES

For the nine months ended 30 September 2022

	Attributable to owners of the Company					
	Share premium	Shares held for share award scheme	Working capital loan	Fair value reserve	(Accumulated losses)/ retained earnings	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2022 (audited)	-	-	2,004	(642)	(50,565)	(49,203)
Loss for the period	-	-	-	-	52,937	52,937
Total comprehensive income for the period	-	-	-	-	52,937	52,937
Movement during the year, net	-	-	2,658	-	-	2,658
As at 30 September 2022 (unaudited)	-	-	4,662	(642)	2,372	6,392
At 1 January 2021 (audited)	5,293	(5,501)	-	(10)	(43,278)	(43,496)
Loss for the period	-	-	-	-	(5,584)	(5,584)
Total comprehensive expense for the period	-	-	-	-	(5,584)	(5,584)
Cancellation of shares held for share award scheme	(5,293)	5,501	-	-	-	-
As at 30 September 2021 (unaudited)	-	-	-	(10)	(48,862)	(48,872)

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL AND BUSINESS REVIEW

The Group is principally engaged in the Household and Plantation Business and the Other Businesses (comprising the Financial Services Business and the Accessories Business). The Group's revenue for the Reporting Period increased by 6% to HK\$20.4 million (2021: HK\$19.1 million) and gross profit increased to HK\$2.5 million (2021: HK\$2.3 million) with gross profit margin being maintained at a similar level of 12.1% (2021: 11.9%). The Group would continue to broaden its product offerings and customer base amid the adverse impact of the COVID-19 pandemic, the Sino-United States conflicts and the worldwide interest and inflation hikes.

The Group's debt restructuring by way of a scheme of arrangement was sanctioned by the Hong Kong Court in July 2022. As a result, the Group's liabilities had been substantially reduced during the Reporting Period and recorded an other income of HK\$56.2 million and a consolidated profit attributable to owners of the Company of HK\$52.9 million (2021: loss of HK\$5.6 million). Basic and diluted loss per share of the Company attributable to the owners of the Company was HK339.7 cents (2021: loss of HK32.8 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.

PROSPECTS

As disclosed above, as at 30 September 2022, the outstanding debt of the Company has been substantially reduced and the Group has returned to a net asset financial position of HK\$7.6 million (31 December 2021: net liabilities of HK\$48.0 million).

Looking ahead, the challenges arising from the Sino-United States conflict, the war in Ukraine and the disruption of supply chains in the midst of the pandemic, particularly the continuing spread of the COVID-19 variants, and the worldwide interest and inflation hikes will continue to hit the global and local economy and may inevitably impact on the Group's business operations. The Company will continue to focus resources on its principal businesses and cautiously review and adjust product offerings and customer base from time to time.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed, the Group does not have any material event subsequent to the Reporting Period.

CAPITAL COMMITMENTS

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

OTHER INFORMATION

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

As at 30 September 2022, the interest and short positions of the Directors 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 interests	Number of Shares held	Number of underlying Shares held	Percentage of shareholding in the Company
Ms. Chan Ho Yee	Personal	676,127	–	4.3%

(Note)

Note: Based on 15,585,331 Shares in issue as at 30 September 2022.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

As at 30 September 2022, none of the Directors 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 period was the Company or any of its subsidiaries a party to any arrangement to enable any Director 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 in or debentures of the Company or any other body corporate.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 30 September 2022, so far as being known to the Directors, the following persons (other than a Director) had 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 right to vote at the general meetings of the Company.

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

Note: Based on 15,585,331 Shares in issue as of 30 September 2022.

SHARE OPTION SCHEME

Pursuant to the share option scheme approved by the shareholders of the Company on 10 June 2011, the Company may grant options to eligible participants to subscribe for the Shares (the principal terms of which are set out in the Company's circular dated 27 April 2011). As at 30 September 2021, the Company had no option outstanding and no share option was granted during the Reporting Period.

DIRECTORS' INTEREST 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

During the Reporting Period, 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 competes or may compete with the businesses of the Group or has any other conflict of interests with the Group.

COMPLIANCE WITH CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by 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 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 vacancy of the office of the chief executive officer of the Company. The Board will continue to review 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 report, 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/results announcements, 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 has reviewed this quarterly report for the Reporting Period and was of the opinion that the preparation of this quarterly report had complied with applicable accounting standards, the GEM Listing Rules and adequate disclosures had been made.

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

Hong Kong, 14 November 2022