



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

**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 (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 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 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 2021 (the "Reporting Period"), together with the unaudited comparative figures for the corresponding period in 2020.

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	For the three months ended 31 March	
		2021 HK\$'000	2020 HK\$'000 (Re-presented)
<b>Continuing operations</b>			
Revenue	3	4,936	6,531
Cost of sales		(4,401)	(5,472)
Gross profit		535	1,059
Other income and gains		152	64
Administrative expenses		(1,986)	(4,977)
Net gain on equity investments at fair value through profit or loss	4	–	11
Finance costs	5	(459)	(188)
Share of results of associates		–	137
<b>Loss before income tax expenses</b>		<b>(1,758)</b>	<b>(3,894)</b>
Income tax	6	(129)	–
<b>LOSS FROM CONTINUING OPERATIONS</b>		<b>(1,887)</b>	<b>(3,894)</b>
<b>Discontinued operation</b>			
Loss from discontinued operation		–	(809)
<b>LOSS FOR THE PERIOD</b>		<b>(1,887)</b>	<b>(4,703)</b>
<b>Loss attributable to:</b>			
<b>Owners of the Company</b>			
Loss for the period from continuing operations		(1,806)	(3,766)
Profit for the period from discontinued operation		–	386
		<b>(1,806)</b>	<b>(3,380)</b>
<b>Non-controlling interests</b>			
Loss for the period from continuing operations		(81)	(128)
Loss for the period from discontinued operation		–	(1,195)
		<b>(81)</b>	<b>(1,323)</b>
<b>Loss per Share from continuing operations and discontinued operation attributable to owners of the Company (HK cents)</b>			
Basic and diluted	7	<b>(11.6)</b>	<b>(21.7)</b>
<b>Loss per Share from continuing operations attributable to owners of the Company (HK cents)</b>			
Basic and diluted		<b>(11.6)</b>	<b>(24.2)</b>

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the three months ended 31 March	
	2021 HK\$'000	2020 HK\$'000
<b>LOSS FOR THE PERIOD</b>	<b>(1,887)</b>	<b>(4,703)</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Currency translation differences	–	26
Less: Income tax effect	–	–
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>	<b>–</b>	<b>26</b>
<b>TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD</b>	<b>(1,887)</b>	<b>(4,677)</b>
<b>Total comprehensive expense attributable to:</b>		
<b>Owners of the Company</b>		
Loss from continuing operations	<b>(1,806)</b>	(3,766)
Gain from discontinued operation	–	412
	<b>(1,806)</b>	<b>(3,354)</b>
<b>Non-controlling interests</b>		
Loss from continuing operations	<b>(81)</b>	(128)
Loss from discontinued operation	–	(1,195)
	<b>(81)</b>	<b>(1,323)</b>
	<b>(1,887)</b>	<b>(4,677)</b>

## 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 plantation and household business; and (ii) the financial services business. The Group discontinued the forestry and agricultural business in the Kingdom of Cambodia in 2020 and the financial results of this business for the corresponding period in 2020 were represented and classified as discontinued operation.

### 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 2020, 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	
	2021 HK\$'000	2020 HK\$'000 (Re-presented)
<b>Continuing operations</b>		
<b>Revenue from contracts with customers</b>		
Sale of household products	3,450	6,323
Sale of plantation products	1,486	–
	<b>4,936</b>	<b>6,323</b>
<b>Revenue from other source</b>		
Loan interest income	–	208
Total revenue	<b>4,936</b>	<b>6,531</b>

#### Disaggregated revenue information

	For the three months ended 31 March	
	2021 HK\$'000	2020 HK\$'000 (Re-presented)
<b>Sales of plantation and household products</b>		
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	4,936	6,323
Total revenue from contracts with customers	<b>4,936</b>	<b>6,323</b>

### 4. NET GAIN/LOSS ON EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

During the Reporting Period, the Group did not possess any equity investment at fair value through profit or loss. For the three months ended 31 March 2020, the Group did not receive any dividend from its equity investment and recorded an unrealised gain arising from change in fair value of the equity investment of HK\$11,000.

## 5. FINANCE COSTS

	For the three months ended 31 March	
	2021 HK\$'000	2020 HK\$'000 (Re-presented)
<b>Continuing operations</b>		
Interest on other loans	318	170
Interest on bond	136	–
Interest on lease liabilities	5	18
	<b>459</b>	<b>188</b>
<b>Discontinued operations</b>		
Interest on other loan	–	185

## 6. 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 "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 Reporting Period.

## 7. 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	
	2021 HK\$'000	2020 HK\$'000 (Re-presented)
<b>Loss for the period</b>		
Loss for the period attributable to owners of the Company		
from continuing operations and discontinued operation for the calculation		
of basic loss per Share	<b>(1,806)</b>	(3,380)
<b>Continuing operations</b>		
Loss for the period attributable to owners of the Company		
from continuing operations for the calculation of basic loss per Share	<b>(1,806)</b>	(3,766)
	Number of ordinary Shares For the three months ended 31 March	
	2021 '000	2020 '000 (Restated)
Weighted average number of ordinary shares in issue during the period, used in the basic loss per Share calculation*	<b>15,586</b>	15,586*

\* The weighted average number of ordinary shares for the three months ended 31 March 2020 has been adjusted by redemption of shares under the Company's share award scheme and the share consolidation of the Company during the Reporting Period as if they had become effective since 1 January 2020.

## 8. DIVIDENDS

The Board does not recommend payment of dividend for the Reporting Period (2020: Nil).

## 9. COMMITMENTS

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

## 10. RESERVES

	Attributable to owners of the Company								
	Share premium	Shares held for share award scheme	Other reserve	Fair value reserve	Exchange reserve	(Accumulated losses)/ retained earnings	Sub-total	Non controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>At 1 January 2021</b>									
(audited)	5,293	(5,501)	-	(10)	-	(43,278)	(43,496)	-	(43,496)
Loss for the period	-	-	-	-	-	(1,806)	(1,806)	(81)	(1,887)
Total comprehensive expense for the period	-	-	-	-	-	(1,806)	(1,806)	(81)	(1,887)
Cancellation of share award scheme	(5,293)	5,501	-	-	-	-	208	-	208
Partial disposal of subsidiary	-	-	-	-	-	209	209	(209)	-
<b>As at 31 March 2021</b>									
(unaudited)	-	-	-	(10)	-	(44,875)	(44,885)	(290)	(45,175)
<b>At 1 January 2020</b>									
(audited and restated)	5,293	(5,501)	(9,889)	-	(516)	19,869	9,256	5,650	14,906
Loss for the period	-	-	-	-	-	(3,380)	(3,380)	(1,323)	(4,703)
Currency translation differences	-	-	-	-	26	-	26	-	26
Total comprehensive income/(expense) for the period	-	-	-	-	26	(3,380)	(3,354)	(1,323)	(4,677)
<b>As at 31 March 2020</b>									
(unaudited)	5,293	(5,501)	(9,889)	-	(490)	16,489	5,902	4,327	10,229

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL AND BUSINESS REVIEW**

The Group is engaged in the Plantation and Household Business and the Financial Services Business. The Group's revenue for the Reporting Period amounted to HK\$4.9 million (2020: HK\$6.5 million). For the Reporting Period, the Group recorded gross profit of HK\$0.5 million (2020: HK\$1.1 million) and gross profit margin of 10.8% (2020: 16.2%). The decrease in gross profit margin was due to the increase in the sales of plantation products in the Group's product offerings which commanded lower gross profit margin. The Group would continue to make efforts to broaden its product offerings and customer base amid the COVID-19 pandemic and the Sino-United States conflicts.

As a result of the Group's efforts in streamlining its corporate and business structures and implementation of cost-savings measures in 2020, the Group managed to reduce its consolidated loss attributable to owners of the Company for the Reporting Period by 53% to HK\$1.8 million from HK\$3.8 million in the corresponding period in 2020. The basic and diluted loss per share attributable to the owners of the Company was HK11.6 cents (2020: HK21.7 cents). During the Reporting Period, the Company redeemed the shares held under its share award scheme and completed a share consolidation.

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**

In May 2021, a petition was filed by a creditor of the Company to the High Court of Hong Kong to wind up the Company on the grounds that the Company is insolvent and unable to pay its debt of HK\$8 million plus unpaid interest and costs thereon.

## PROSPECTS

The Company promptly responded to the debt crisis resulted from the above mentioned petition 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. As at the date of this report, the Company had solicited support from 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 the first quarter of 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. 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.

The support from the 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.

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, after trading in the shares of the Company resumes and the scheme is successfully implemented, is confident that 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 2021, none of the Directors or the chief executive of the Company had any interest and short position 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.

### **DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES**

As at 31 March 2021, 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 2021, 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 <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 at 31 March 2021.

## **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 2021, 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, save for the redemption of Shares under its share award scheme, 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) has engaged in any business that competes or may compete with the businesses of the Group or has any other conflict of interest 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 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, 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 the Results and was of the opinion that the preparation of the Results is 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**  
**He Xuemei**  
*Chairperson*

Hong Kong, 31 January 2022