



M Resources Group Limited

脈資資源集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 0.8.1.8.6)

2023 FIRST QUARTERLY RESULTS

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED

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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 2023 (the “Reporting Period”), together with the unaudited comparative figures for the corresponding period in 2022.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	For the three months ended 31 March	
		2023	2022
		HK\$'000	HK\$'000
Revenue	3	5,019	5,614
Cost of sales		(4,068)	(4,970)
Gross profit		951	644
Other income and gains		3	–
Administrative expenses		(1,435)	(1,601)
Finance costs	4	(1)	(476)
Loss before income tax expenses		482	(1,433)
Income tax	5	(49)	(143)
LOSS AND TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO OWNERS OF THE COMPANY		(531)	(1,576)
Loss per Share (<i>HK cents</i>)	6		
Basic and diluted		(1.9)	(10.1)

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 Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business in Hong Kong is situated at 35/F, Two Pacific Place, 88 Queensway, Admiralty, Hong Kong. The shares of the Company are listed on GEM.

During the Reporting Period, the Group is principally engaged in the sales of household and plantation products and the sales of accessories items.

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 2022, 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	
	2023	2022
	HK\$’000	HK\$’000
Revenue from contracts with customers within the scope of HKFRS 15		
Sale of household products	2,616	3,763
Sale of plantation products	1,218	1,502
Sale of accessories items	1,185	349
	5,019	5,614

Disaggregated revenue information

	For the three months ended 31 March	
	2023	2022
	HK\$’000	HK\$’000
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	5,019	5,614

4. FINANCE COSTS

	For the three months ended 31 March	
	2023 HK\$'000	2022 HK\$'000
Interest on other loans	–	334
Interest on bond	–	136
Interest on lease liabilities	<u>1</u>	<u>6</u>
	<u>1</u>	<u>476</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	
	2023 HK\$'000	2022 HK\$'000
Loss for the period attributable to owners of the Company for the calculation of basic loss per Share	<u>(531)</u>	<u>(1,576)</u>

	Number of ordinary Shares For the three months ended 31 March	
	2023 '000	2022 '000
Weighted average number of ordinary shares in issue during the period, used in the basic loss per Share calculation	<u>28,467</u>	<u>15,585</u>

7. DIVIDENDS

The Board does not recommend payment of dividend for the Reporting Period (2022: 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	Working capital loan HK\$'000	Fair value reserve HK\$'000	Accumulated losses HK\$'000	
At 1 January 2023 (audited)	4,777	200	(790)	(1,275)	2,912
Loss for the period	–	–	–	(531)	(531)
Total comprehensive expense for the period	–	–	–	(531)	(531)
As at 31 March 2023 (unaudited)	<u>4,777</u>	<u>200</u>	<u>(790)</u>	<u>(1,806)</u>	<u>2,381</u>
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>3,303</u>	<u>(642)</u>	<u>(52,141)</u>	<u>(49,480)</u>

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL AND BUSINESS REVIEW

The Group is principally engaged in the Household Business, the Plantation Business and the Accessory Business. For the Reporting Period, the Group's revenue, gross profit and gross profit margin amounted to HK\$5.0 million (2022: HK\$5.6 million), HK\$1.0 million (2022: HK\$0.6 million) and 18.9% (2022: 11.5%) respectively. As a result of the increase in the overall gross profit margin of the Group's businesses, the elimination of finance costs resulted from the scheme of arrangement in 2022 and the Group's implementation of cost-savings measures, the Group managed to substantially reduce its consolidated loss attributable to owners of the Company by 66.3% to HK\$0.5 million from HK\$1.6 million in the corresponding period in 2022. The basic and diluted loss per share attributable to the owners of the Company was HK1.9 cents (2022: HK10.1 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

The Group did not have any material event after the Reporting Period.

PROSPECTS

Despite various global headwinds ranging from inflationary and interest rate hike to geopolitical risks, the operational and financial performances of the Group's core businesses remained solid in the Reporting Period. Given that the Group's financial position had returned to normality following completion of the scheme of arrangement in December 2022, the Company is confident that it is now in a good position to strengthen its business foundation for delivering solid performances in the coming years. In addition, the recent removal of COVID-19 restrictions along with border re-opening of China are also expected to provide a constructive path to the growth of the Group's businesses in 2023. The Group will continue to aim to achieve growth in recurring earnings and increase shareholders' return while striving to ensure prudent financial, liquidity and cash flow management. The Group will also continue to seek sustainable business opportunities which align with its core strategy of increasing long term shareholders' value.

OTHER INFORMATION

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

As at 31 March 2023, based on 28,467,160 Shares in issue, 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
Ms. Chan Ho Yee	Personal	676,127	–	2.4%

As at 31 March 2023, 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 2023, based on 28,467,160 Shares in issue, 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 shareholder	Capacity of interest	Number of Shares held	Number of underlying Shares held	Percentage of shareholding in the Company
Perfect Advance Holdings Limited	Corporate	8,476,364	–	29.78%
Rising Sun Investment Limited	Corporate	2,640,000	–	9.27%
Mega Trillion International Corporation	Corporate	2,596,875	–	9.12%
Landmass Investments Limited	Corporate	1,517,212	–	5.33%

SHARE OPTION SCHEME

As at 31 March 2023, there was no share option of the Company outstanding.

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 compete 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 reviewing the annual, interim and quarterly 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 as well as reviewing the Group's financial and accounting policies and practices. The audit committee has been provided with sufficient resources to enable it to discharge its duties.

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

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

Hong Kong, 12 May 2023

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 website of the Stock Exchange at <http://www.hkexnews.hk> for seven days from the date of its publication and on the website of the Company at <http://www.m-resources.com.hk>.