



**M-Resources Group Limited**

**脈資資源集團有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 08186)**

**2022  
Interim 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 (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 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.*

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

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

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2022	2021	2022	2021
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Revenue</b>	2	<b>10,395</b>	5,393	<b>16,009</b>	10,329
Cost of sales		<b>(9,070)</b>	(4,851)	<b>(14,040)</b>	(9,252)
Gross profit		<b>1,325</b>	542	<b>1,969</b>	1,077
Other income and gains	4	<b>317</b>	138	<b>317</b>	290
Administrative expenses		<b>(1,330)</b>	(1,434)	<b>(2,931)</b>	(3,420)
Impairment loss on other receivables		–	(834)	–	(834)
Finance costs	5	<b>(538)</b>	(482)	<b>(1,014)</b>	(941)
<b>Loss before income tax expenses</b>	5	<b>(226)</b>	(2,070)	<b>(1,659)</b>	(3,828)
Income tax	6	<b>(205)</b>	(110)	<b>(348)</b>	(239)
<b>LOSS AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		<b>(431)</b>	(2,180)	<b>(2,007)</b>	(4,067)
<b>Loss per Share (HK cents)</b>					
Basic and diluted		<b>(2.8)</b>	(14.0)	<b>(12.9)</b>	(26.1)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

		<b>At 30 June</b>	At 31 December
		<b>2022</b>	2021
	<i>Notes</i>	<b>HK\$'000</b>	<i>HK\$'000</i>
		<b>(Unaudited)</b>	(Audited)
<b>Non-current assets</b>			
Property, plant and equipment	9	<b>2,584</b>	2,634
Right-of-use assets		<b>168</b>	336
Equity investment at fair value through other comprehensive income		<b>271</b>	271
Debt investment at fair value through profit or loss		<b>563</b>	563
Prepayment		<b>2,500</b>	2,500
<b>Total non-current assets</b>		<b>6,086</b>	6,304
<b>Current assets</b>			
Inventories		<b>1,785</b>	1,655
Trade receivables	10	<b>9,962</b>	11,974
Prepayments, other receivables and other assets		<b>629</b>	514
Cash and bank balances		<b>3,072</b>	1,857
<b>Total current assets</b>		<b>15,448</b>	16,000
<b>Current liabilities</b>			
Trade payables	11	<b>8,478</b>	7,888
Other payables and accruals		<b>8,573</b>	11,863
Other borrowing	12	<b>8,787</b>	8,449
Other loans	12	<b>14,196</b>	13,860
Bond payable	13	<b>26,523</b>	26,192
Lease liabilities		<b>291</b>	531
Tax payables		<b>1,791</b>	1,443
<b>Total current liabilities</b>		<b>68,639</b>	70,226
<b>Net current liabilities</b>		<b>(53,191)</b>	(54,226)
<b>Total assets less current liabilities</b>		<b>(47,105)</b>	(47,922)

		<b>At 30 June 2022</b>	At 31 December 2021
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
		<b>(Unaudited)</b>	(Audited)
<b>Non-current liabilities</b>			
Lease liabilities		–	34
Total non-current liabilities		–	34
<b>Net liabilities</b>		<b>(47,105)</b>	(47,956)
<b>EQUITY</b>			
Share capital	14	<b>1,247</b>	1,247
Reserves		<b>(48,352)</b>	(49,203)
<b>Total deficit</b>		<b>(47,105)</b>	(47,956)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY***For the six months ended 30 June 2022*

	Attributable to owners of the Company						Total HK\$'000
	Share capital 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	
<b>At 1 January 2022 (audited)</b>	1,247	-	-	2,004	(642)	(50,565)	(47,956)
Loss for the period	-	-	-	-	-	(2,007)	(2,007)
Total comprehensive income for the period	-	-	-	-	-	(2,007)	(2,007)
Movement during the year, net	-	-	-	2,858	-	-	2,858
<b>As at 30 June 2022 (unaudited)</b>	1,247	-	-	4,862	(642)	(52,572)	(47,105)
<b>At 1 January 2021 (audited)</b>	1,455	5,293	(5,501)	-	(10)	(43,147)	(41,910)
Loss for the period	-	-	-	-	-	(4,067)	(4,067)
Total comprehensive income for the period	-	-	-	-	-	(4,067)	(4,067)
Cancellation of share award scheme	(208)	(5,293)	5,501	-	-	-	-
<b>As at 30 June 2021 (unaudited)</b>	1,247	-	-	-	(10)	(47,214)	(45,977)

\* The total of these accounts as at the reporting dates represent "Reserves" in the condensed consolidated statement of financial position.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS***For the six months ended 30 June 2022*

	<b>For the six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net cash flows used in operating activities	<b>(1,614)</b>	(3,554)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Addition of property, plant and equipment	–	(185)
Net cash flows used in investing activities	–	(185)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Inception of loans	<b>2,858</b>	3,390
Capital element of lease rentals paid	<b>(29)</b>	(40)
Loan interest paid	–	(337)
Net cash flows from financing activities	<b>2,829</b>	3,013
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,215</b>	(726)
Cash and cash equivalents at beginning of the period	<b>1,857</b>	1,555
Effect of foreign exchange rate changes	–	–
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>3,072</b>	829
Analysis of cash and cash equivalents		
Cash and bank balances	<b>3,072</b>	829

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS

For the six months ended 30 June 2022

### 1. BASIS OF PREPARATION

The unaudited condensed consolidated interim results have been prepared in accordance with the applicable disclosure requirements of the GEM Listing Rules and Hong Kong Accounting Standard (“HKAS”) 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The unaudited condensed consolidated interim results have been prepared on the historical cost convention except for equity investment at fair value through other comprehensive income and debt investment at fair value through profit or loss, which have been measured at fair value.

The unaudited condensed consolidated interim results have been prepared in accordance with the same accounting policies adopted in the annual consolidated financial statements for the year ended 31 December 2021, except for the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”), issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 January 2022:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Costs of Fulfilling a Contract
Annual Improvements to HKFRSs	Annual Improvements to HKFRSs 2018–2020

The adoption of the new and revised HKFRSs in the current period has had no material impact on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these unaudited condensed consolidated interim results.

### 2. REVENUE

	For the three months ended 30 June		For the six months ended 30 June	
	2022 HK\$’000	2021 HK\$’000	2022 HK\$’000	2021 HK\$’000
<b>Revenue from contracts with customers</b>				
Sale of household products	5,512	2,899	9,275	6,349
Sale of plantation products	1,103	2,188	2,605	3,674
Sale of accessory items	3,780	306	4,129	306
	<b>10,395</b>	5,393	<b>16,009</b>	10,329

**Disaggregated Revenue Information**

	For the three months ended 30 June		For the six months ended 30 June	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Sales of household and plantation products and accessory items</b>				
<i>Timing of revenue recognition</i>				
Goods transferred at a point of time	<b>10,395</b>	5,393	<b>16,009</b>	10,329
Total revenue from contracts with customers	<b>10,395</b>	5,393	<b>16,009</b>	10,329

**3. OPERATING SEGMENT INFORMATION**

During the period, the Group is principally engaged in (i) the Household and Plantation Business; and (ii) the Other Businesses (comprising the Financial Services Business and the Accessories Business).

The management of the Company monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment results, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Group's profit or loss before tax except that interest income, unallocated finance costs, share of loss of associates as well as 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, unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

**Operating Segment Information****Segment revenue and results***For the six months ended 30 June 2022 (Unaudited)*

	<b>Household and Plantation Business HK\$'000</b>	<b>Other Businesses HK\$'000</b>	<b>Total HK\$'000</b>
<b>Reportable segment revenue</b>	<b>11,880</b>	<b>4,129</b>	<b>16,009</b>
<b>Reportable segment results</b>	<b>1,324</b>	<b>393</b>	<b>1,717</b>
Unallocated corporate expenses			<b>(2,362)</b>
Unallocated finance costs			<b>(1,014)</b>
<b>Loss before tax</b>			<b>(1,659)</b>
Income tax expenses			<b>(348)</b>
<b>Loss for the period</b>			<b>(2,007)</b>

*For the six months ended 30 June 2021 (Unaudited)*

	<b>Household and Plantation Business HK\$'000</b>	<b>Other Businesses HK\$'000</b>	<b>Total HK\$'000</b>
<b>Reportable segment revenue</b>	<b>10,023</b>	<b>306</b>	<b>10,329</b>
<b>Reportable segment results</b>	<b>(815)</b>	<b>6</b>	<b>(809)</b>
Unallocated corporate expenses			<b>(2,080)</b>
Unallocated finance costs			<b>(939)</b>
<b>Loss before tax</b>			<b>(3,828)</b>
Income tax expenses			<b>(239)</b>
<b>Loss for the period</b>			<b>(4,067)</b>

**Segment assets and liabilities***As at 30 June 2022 (Unaudited)*

	Household and Plantation Business <i>HK\$'000</i>	Other Businesses <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Segment assets</b>	18,618	1,284	19,902
Unallocated assets			<u>1,632</u>
Total assets			<u>21,534</u>
<b>Segment liabilities</b>	(10,444)	(1,008)	(11,452)
Unallocated liabilities			<u>(57,187)</u>
Total liabilities			<u>(68,639)</u>

*As at 31 December 2021 (Audited)*

	Household and Plantation Business <i>HK\$'000</i>	Other Businesses <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Segment assets</b>	20,519	39	20,558
Unallocated assets			<u>1,746</u>
Total assets			<u>22,304</u>
<b>Segment liabilities</b>	(13,918)	(42)	(13,960)
Unallocated liabilities			<u>(56,300)</u>
Total liabilities			<u>(70,260)</u>

**Geographical Information****Revenue from external customers**

	<b>For the six months ended 30 June 2022</b>		2021
	<b>HK\$'000</b>		<b>HK\$'000</b>
Hong Kong	<b>2,954</b>		3,979
The People's Republic of China ("PRC")	<b>8,542</b>		1,376
The United States	<b>4,513</b>		4,974
	<b>16,009</b>		10,329

The classification of the revenue arising from the Household and Plantation Business and the Accessories Business are based on the location of the customers' operations. The classification of the revenue arising from Financial Services Business is based on the location of the borrowed funds first available to their borrowers.

**4. OTHER INCOME AND GAINS**

	<b>For the three months ended 30 June 2022</b>		<b>For the six months ended 30 June 2022</b>		2021	
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
Reversal of impairment provision of other receivables	–	66	–	–	–	218
Exchange gain	<b>317</b>	–	<b>317</b>	–	–	–
Others	–	72	–	–	–	72
	<b>317</b>	138	<b>317</b>	–	–	290

## 5. LOSS BEFORE INCOME TAX EXPENSES

Loss before income tax expenses is arrived at after charging:

	For the three months ended 30 June		For the six months ended 30 June	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Finance costs:				
Interest on other borrowing and other loans	339	336	673	654
Interest on bond	195	138	331	274
Interest on lease liabilities	4	8	10	13
	<b>538</b>	482	<b>1,014</b>	941
Staff costs (excluding Directors' emoluments):				
Wages and salaries	256	419	533	1,001
Retirement scheme contributions	4	12	10	24
	<b>260</b>	431	<b>543</b>	1,025
Other items:				
Auditor's remuneration	250	250	500	500
Depreciation of property, plant and equipment	25	19	50	25
Depreciation of right-of-use assets	84	84	168	144

## 6. INCOME TAX EXPENSES

## (a) Hong Kong Profits Tax

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

## (b) PRC Enterprise Income Tax

Under the Enterprise Income Tax Law of 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 three months and the six months ended 30 June 2022.

## 7. LOSS PER SHARE

	For the three months ended 30 June		For the six months ended 30 June	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Loss for the period</b>				
Loss for the period attributable to owners of the Company for the purpose of basic loss per Share	(431)	(2,180)	(2,007)	(4,067)

	Number of ordinary Shares			
	For the three months ended 30 June		For the six months ended 30 June	
	2022	2021	2022	2021
	'000	'000	'000	'000
Weighted average number of ordinary Shares in issue during the period, used in the basic loss per Share calculations	15,585	15,585	15,585	15,585

## 8. DIVIDEND

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

## 9. MOVEMENTS OF PROPERTY, PLANT AND EQUIPMENT

There was no addition to the property, plant and equipment of the Group during the Reporting Period (2021: HK\$185,000).

## 10. TRADE RECEIVABLES

	At 30 June 2022 HK\$'000 (Unaudited)	At 31 December 2021 HK\$'000 (Audited)
Trade receivables	10,702	12,714
Less: Impairment	(740)	(740)
	9,962	11,974

The movements in impairment allowances during the period under review are as follows:

	<i>HK\$'000</i>
As at 1 January 2022 (audited)	740
Reversal of impairment	–
Amount written off as uncollectible	–
<hr/>	
As at 30 June 2022 (unaudited)	740

Impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

An ageing analysis of the trade receivables based on the invoice date and net of impairment allowances is as follows:

	<b>At 30 June 2022 <i>HK\$'000</i> (Unaudited)</b>	At 31 December 2021 <i>HK\$'000</i> (Audited)
Current to 30 days	<b>1,630</b>	1,443
31 to 60 days	<b>1,880</b>	1,155
61 to 90 days	<b>1,490</b>	1,485
91 to 180 days	<b>1,291</b>	4,214
Over 180 days	<b>3,671</b>	3,677
<hr/>		
	<b>9,962</b>	11,974

The trade receivables are non-interest bearing and generally settled in 90 days.

**11. TRADE PAYABLES**

The ageing analysis of the trade payables based on invoice date is as follows:

	<b>At 30 June 2022 HK\$'000 (Unaudited)</b>	At 31 December 2021 HK\$'000 (Audited)
Current to 30 days	<b>4,421</b>	3,838
31 to 60 days	<b>2,636</b>	1,930
61 to 90 days	<b>1,347</b>	2,120
91 to 180 days	<b>74</b>	–
Over 180 days	<b>–</b>	–
	<b>8,478</b>	7,888

The trade payables are non-interest-bearing and are normally settled on 60-day terms.

**12. OTHER LOANS**

Other loans of HK\$14.2 million as at 30 June 2022 (2021: HK\$13.9 million) comprised loans and the related interest accrued for (i) a loan in the principal amount of HK\$12.7 million which bears an interest rate of 5% per annum; and (ii) a loan in the principal amount of HK\$0.5 million which bears an interest rate of 8% per annum.

**13. BOND PAYABLE**

The bond payable is a United States Dollars denominated bond in the principal amount of US\$3.23 million which bears an interest rate of 1% over the yield of United States 30 year treasury bond from April 2020 and fixed at 1.207% from April 2022.

**14. SHARE CAPITAL**

	Authorised		Issued and fully paid	
	Number of Shares	Amount HK\$'000	Number of Shares	Amount HK\$'000
Ordinary Share of HK\$0.08 each at 1 January 2022 (audited) and 30 June 2022 (unaudited)	2,500,000,000	200,000	15,585,331	1,247

## 15. FAIR VALUE AND FAIR VALUE HIERARCHY

The management has assessed that the fair value of the cash and bank balances, trade receivables and financial assets included in prepayments, other receivables and other assets, trade payables, other borrowing and financial liabilities included in other loan, other payables and accruals, approximate to their carrying amounts largely due to the short term maturity of these instruments.

The fair values of the financial assets are stated at the amount at which the instruments could be exchanged in current transactions between willing parties (other than in a forced or liquidation sale).

### Fair value hierarchy

The following table provides an analysis of the financial instrument which was measured at fair value at the end of each reporting period for recurring measurement and grouped into Levels 1 to 3 based on the degree to which the fair value is observable in accordance to the Group's accounting policies.

#### Asset measured at fair value

	Fair value		Fair value hierarchy	Valuation technique and key input
	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)		
Equity investment at fair value through other comprehensive income	271	271	Level 3	Market Approach
Debt investment at fair value through profit or loss	563	563	Level 3	Discounted Cash Flow and Binomial Pricing Model

There was no transfer among the different levels of the fair value hierarchy for the six months ended 30 June 2022 and the year ended 31 December 2021.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in this unaudited condensed consolidated interim results approximate their fair value.

**16. LITIGATION**

In May 2021, a petition was filed by a creditor of the Company to the High Court of Hong Kong under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) to wind up the Company on the grounds that the Company is insolvent and unable to pay its debt. As described in the section headed “Prospects”, the Company has been pursuing a debt restructuring by way of scheme of arrangement. The Scheme was sanctioned by the Court in July 2022 and the petition was dismissed by the Court in August 2022.

**17. EVENTS AFTER REPORTING PERIOD**

Save as disclosed, as at the date of this report, the Group does not have any material event subsequent to the reporting period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL AND BUSINESS OVERVIEW

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 55.3% to HK\$16.0 million (2021: HK\$10.3 million). The gross profit and gross profit margin of the Group increased to HK\$2.0 million (2021: HK\$1.1 million) and 12.3% (2021: 10.4%) respectively due to increase in the sales of household and accessories products. The Group would continue to make efforts to broaden its product offerings and customer base amid the uncertainty imposed by the COVID-19 pandemic and the Sino-United States conflicts.

Due to the Group's improved business performance and implementation of cost-savings measures, the Group managed to reduce its consolidated loss attributable to owners of the Company for the Reporting Period by 51.2% to HK\$2.0 million from HK\$4.1 million in the corresponding period in 2021. Basic and diluted loss per share of the Company attributable to the owners of the Company was HK12.9 cents (2021: HK26.1 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.

### FINANCIAL RESOURCES, BORROWINGS AND LIQUIDITY

During the Reporting Period, the Group's net cash outflow from operating activities amounted to HK\$1.6 million (2021: HK\$3.5 million) and its net cashflow from investing activities amounted to Nil (2021: outflow of HK\$0.2 million) and its net cash inflow from financing activities was HK\$2.8 million (2021: HK\$3.0 million). As a result of the above cumulative effect, the Group recorded a net cash inflow of HK\$1.2 million during the period (2021: outflow of HK\$0.7 million).

The Group's total liabilities exceeded its total assets both as at 30 June 2022 and 31 December 2021. As at 30 June 2022, the Group had total assets of HK\$21.5 million (31 December 2021: HK\$22.3 million) and total liabilities of HK\$68.6 million (31 December 2021: HK\$70.3 million), resulting in the net liabilities of the Group of HK\$47.1 million as at 30 June 2022 and HK\$48.0 million as at 31 December 2021 and net liabilities per Share of HK\$3.0 as at 30 June 2022 and HK\$3.1 as at 31 December 2021. The total borrowings of the Group amounted to HK\$49.5 million as at 30 June 2022 (31 December 2021: HK\$48.5 million), comprising borrowing of HK\$23.0 million (31 December 2021: HK\$22.3 million) and bond payable of HK\$26.5 million (31 December 2021: HK\$26.2 million). The Group's current assets as at 30 June 2022 amounted to HK\$15.4 million (31 December 2021: HK\$16.0 million), of which HK\$3.1 million (31 December 2021: HK\$1.9 million) was cash and bank balances, and its current liabilities amounted to HK\$68.7 million (31 December 2021: HK\$70.2 million).

## **CAPITAL COMMITMENT**

Save as disclosed, no significant capital commitment of the Group was outstanding as at 30 June 2022.

## **SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITIONS AND DISPOSALS**

During the Reporting Period, the Group did not make any significant investment and any material acquisition/disposal.

## **CHARGE ON ASSETS OF THE GROUP**

As at 30 June 2022, no asset of the Group was pledged.

## **CONTINGENT LIABILITIES**

As at 30 June 2022, the Group did not have any material outstanding contingent liabilities.

## **EVENTS AFTER THE REPORTING PERIOD**

Details are disclosed in note 17 to this interim report.

## **PROSPECTS**

The Company has been pursuing a debt restructuring by way of scheme of arrangement to tackle its debt crisis. The scheme was sanctioned by The High Court of Hong Kong in July 2022. The Company expects to restore its financial position to normality after implementation of the scheme.

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 implemented, its financial position will return to normality and its businesses will progress steadily with good prospects.

## **EMPLOYEES' INFORMATION AND BENEFIT SCHEMES FOR THE EMPLOYEES**

As at 30 June 2022, the Group had 9 (31 December 2021: 9) employees. The Group remunerates its employees based on their performance, working experience and the prevailing market condition.

## OTHER INFORMATION

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

As at 30 June 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 interests	Number of Shares held	Number of underlying Shares held	Percentage of shareholding in the Company <i>(Note)</i>
Ms. Chan Ho Yee	Personal	676,127	–	4.3%

*Note:* Based on 15,585,331 shares in issue as at 30 June 2022.

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

As at 30 June 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 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.

### 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). No share option was granted during the Reporting Period and the Company had no share options outstanding as at 30 June 2022.

## DIRECTORS' INTEREST IN CONTRACTS

No contract, commitment or agreement of significance in relation to the Company's business, 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 as at 30 June 2022 or during the six months ended 30 June 2022.

## INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 30 June 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 as disclosed above) 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.

### Long positions in the Shares

Name of shareholders	Capacity of interests	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 June 2022.

## INTERIM DIVIDENDS

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

## 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.

## **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.

## **COMPETING INTERESTS**

None of the Directors, or substantial shareholders of the Company or any of their respective close associates (as defined in the GEM Listing Rules), engaged in any business that competes or may compete with the businesses of the Group or have any other conflict of interests with the Group for 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 is vacated. 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**

The audit committee of the Board, as at the date of this interim report, 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 unaudited condensed consolidated interim results of the Group for the Reporting Period and was of the opinion that the preparation of the unaudited condensed consolidated interim 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**  
**Chan Ho Yee**  
*Executive Director*

Hong Kong, 10 August 2022