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**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in M-Resources Group Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or the transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities.

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## **M Resources Group Limited**

**脈資資源集團有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 08186)**

### **ISSUANCE OF NEW SHARES UNDER SPECIFIC MANDATE AND NOTICE OF SPECIAL GENERAL MEETING**

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The notice convening the SGM to be held at 10:00 a.m. on Thursday, 15 December 2022 at Suites 2701-08, 27th Floor, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong is set out on pages 16 to 18 of this circular.

The form of proxy for use at the SGM is enclosed with this circular and published at the websites of the Stock Exchange and the Company. You may complete and deposit the form of proxy at the principal place of business of the Company in Hong Kong at 11/F, China United Plaza, 1008 Tai Nan West Street, Lai Chi Kok, Hong Kong or the office of the Company's share registrar in Hong Kong at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Return of the form of proxy or delivery of an instrument appointing a proxy will not preclude you from attending and voting in person at the SGM should you so wish and, in such event, the form of proxy or the instrument appointing a proxy shall be deemed being revoked.

*This circular will be published at the websites of the Stock Exchange at <http://www.hkexnews.hk> and the Company at [www.m-resources.com.hk](http://www.m-resources.com.hk).*

28 November 2022

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## CHARACTERISTICS OF GEM

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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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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## CONTENTS

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	<i>Page</i>
<b>Special Arrangements and Precautionary Measures for the SGM .....</b>	<b>1</b>
<b>Definitions .....</b>	<b>2</b>
<b>Letter from the Board .....</b>	<b>5</b>
<b>Notice of SGM .....</b>	<b>16</b>

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## SPECIAL ARRANGEMENTS AND PRECAUTIONARY MEASURES FOR THE SGM

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To safeguard the health and safety of the Shareholders attending the SGM in person, the following precautionary measures will be implemented at the SGM:

- (i) The number of seats at the venue will be limited in accordance with the prevailing requirements or guidelines published by the Hong Kong Government and/or regulatory authorities at the time of the SGM. The seats will be assigned on a first come, first served basis.
- (ii) Compulsory scanning of the “LeaveHomeSafe” venue and vaccination QR code and temperature checks will be required for every attendee at the entrance of the venue. Any person with a body temperature of over 37.4 degrees Celsius will not be allowed to enter the venue.
- (iii) Any attendee who (a) is, or has been in close contact with any person who is subject to any Hong Kong Government prescribed compulsory quarantine (including home quarantine); (b) is subject to any Hong Kong Government prescribed testing requirement or direction and has not tested negative; (c) is, or has been in close contact with anyone who has contracted COVID-19 or is suspected of contracting COVID-19; or (d) exhibits any flu-like symptoms or is apparently unwell, will not be allowed to enter the venue or, if he/she has already entered the venue, he/she will be requested to leave the venue.
- (iv) Every attendee will be required to wear a surgical face mask throughout the SGM. No mask will be provided at the venue and attendees should bring and wear their own masks. Any person who does not comply with this requirement will be requested to leave the venue.
- (v) No refreshment or beverages will be served at the SGM and no eating or drinking will be allowed within the venue.

Attendees are requested to observe and practise good personal hygiene at all times at the SGM. Additional precautionary measures in accordance with the prevailing requirements or guidelines of the Hong Kong Government and/or regulatory authorities or as considered appropriate by the Company may be implemented without prior notice. To the extent permitted by law, the Company reserves the right to deny the entry of any attendee into the venue or require him/her to leave the venue for the health and safety of the other attendees at the SGM. Due to the constantly evolving COVID-19 pandemic situation in Hong Kong, the Company may change the SGM arrangements on short notice. Shareholders should check the websites of the Stock Exchange and the Company for announcements and updates on the SGM arrangements.

Physical attendance in person at the SGM is not necessary for the purpose of exercising voting rights. Shareholders are strongly encouraged to consider appointing the chairperson of the SGM as their proxy to vote on the relevant resolutions at the SGM by returning the form of proxy in accordance with the instructions thereon.

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## DEFINITIONS

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*In this circular, the following expressions have the meanings set out below unless the context indicates otherwise:*

“Admitted Claims”	the claims of the Scheme Creditors which have been admitted in accordance with the Scheme
“Announcement”	the announcement by the Company dated 24 August 2022
“Board”	the board of Directors
“Cash Payment”	the cash payable to Scheme Creditors for full settlement of their Admitted Claims pursuant to the Scheme
“Company”	M-Resources Group Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on GEM
“Directors”	the directors of the Company
“Facility Agreement”	the loan facility agreement dated 7 June 2021 and entered into between the Subscriber and the Company relating to the Working Capital Loan
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	The Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong Court”	the High Court of The Hong Kong Special Administrative Region
“Latest Practicable Date”	24 November 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
“Scheme”	the scheme of arrangement for the Company to be made between the Company and the Scheme Creditors pursuant to Sections 670 and 673 of the Companies Ordinance and sanctioned by the Hong Kong Court on 22 July 2022
“Scheme Creditors”	all creditors with claims against the Company that would be subject to the settlement options (i.e. the Cash Payment or the Scheme Shares Allotment) of the Scheme

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## DEFINITIONS

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“Scheme Share Issue Price”	HK\$0.18 per Scheme Share
“Scheme Shares”	4,405,465 new Shares to be allotted and issued to the Scheme Creditors under the Scheme Shares Allotment
“Scheme Shares Allotment”	the full and final settlement of the Admitted Claims by way of allotment and issue of the Scheme Shares to the Scheme Creditors pursuant to the Scheme
“SGM”	the special general meeting of the Company to be convened on Thursday, 15 December 2022 at 10:00 a.m. at Suites 2701–08, 27th Floor, Shui On Centre, 6–8 Harbour Road, Wanchai, Hong Kong to consider and if thought fit, approve the Share Transactions and the Specific Mandate
“Share(s)”	the ordinary share(s) of HK\$0.08 each in the share capital of the Company
“Share Transactions”	the Scheme Shares Allotment and the Subscriber Shares Allotment
“Shareholder(s)”	the holder(s) of the Share(s)
“Specific Mandate”	the specific mandate to be granted by the Shareholders to the Directors at the SGM for the allotment and issue of the Scheme Shares and the Subscriber Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Epoch Unicorn Limited, a company incorporated in Samoa with limited liability
“Subscriber Shares”	8,476,364 new Shares to be allotted and issued to the Subscriber under the Subscriber Shares Allotment
“Subscriber Shares Allotment”	the allotment and issue of Subscriber Shares to the Subscriber pursuant to the Subscription Agreement
“Subscriber Shares Issue Price”	HK\$0.55 per Subscriber Share
“Subscription Agreement”	the agreement dated 24 August 2022 and entered into between the Company and the Subscriber in relation to the Subscriber Shares Allotment

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## DEFINITIONS

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“Working Capital Loan”	the loan of HK\$4,662,000 provided by the Subscriber under the Facility Agreement, which is not subject to the Scheme
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

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## LETTER FROM THE BOARD

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### M Resources Group Limited

脈資資源集團有限公司

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 08186)**

*Executive Director:*

CHAN Ho Yee

*Independent Non-executive Directors:*

PANG King Sze, Rufina

HONG Bingxian

HUANG Zhe

*Registered office:*

Victoria Place, 5th Floor

31 Victoria Street

Hamilton HM10

Bermuda

*Head office and principal place of  
business in Hong Kong:*

11/F, China United Plaza

1008 Tai Nan West Street

Lai Chi Kok

Hong Kong

28 November 2022

*To the Shareholders*

Dear Sir or Madam,

### **ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE AND NOTICE OF SPECIAL GENERAL MEETING**

#### **INTRODUCTION**

The purpose of this circular is to provide you with information relating to the Share Transactions and the notice convening the SGM.



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## LETTER FROM THE BOARD

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### THE SHARE TRANSACTIONS

#### Background

As disclosed in its announcements dated 8 June 2022 and 22 July 2022, the Company has been pursuing a debt restructuring by way of the Scheme. The Scheme was sanctioned by the Hong Kong Court on 22 July 2022 and became effective on 27 July 2022, the date when the Court Order sanctioning the Scheme was registered with the Companies Registry in Hong Kong.

Pursuant to the negotiation with the Scheme Creditors who were willing to consider to support the Scheme, two settlement options were offered for the Scheme Creditors' election. Under the Scheme, the Scheme Creditors are entitled to elect either (i) the Cash Payment, under which the Scheme Creditors will receive cash payment representing 2% of their Admitted Claims; or (ii) the Scheme Shares Allotment, under which the Scheme Creditors will be allotted and issued with such number of Scheme Shares on the basis of one Scheme Share for every HK\$10 of their Admitted Claims, to fully settle their respective Admitted Claims. As at the Latest Practicable Date, the total Admitted Claims were HK\$56.2 million, out of which Scheme Creditors with Admitted Claims of HK\$12.1 million had elected for Cash Payment and Scheme Creditors with Admitted Claims of HK\$44.1 million had elected for Scheme Shares Allotment. On the settlement basis approved by the Hong Kong Court, the Cash Payment would amount to HK\$0.2 million (based on 2% of the Admitted Claims) and the Scheme Shares Allotment would amount to 4,405,465 Scheme Shares (based on one Scheme Share for every HK\$10 of the Admitted Claims).

As the Group had cash and bank balance of only approximately HK\$800,000 as at 31 May 2021, the Company, per the requirements of the Scheme Creditors and the Hong Kong Court for the Company to demonstrate its capability to deliver the two settlement options under the Scheme, entered into the Facility Agreement with the Subscriber on 7 June 2021 for provision of the Working Capital Loan to finance the operating costs of the Company and the costs associated with the Scheme. The Subscriber is an investment company owned by Mr. Feng Wei Bo, a businessman engaged in the manufacturing and distribution of household decorative glass products in The People's Republic of China, with whom the Company became acquainted from joint exploration of a then investment opportunity in a wood processing facility in China in 2015. Apart from the Subscriber, the Company had also approached three other potential investors, however, given that the Company was under a winding up petition and did not have valuable assets to be pledged for loan financing and could not conduct fund-raising due to suspension of the trading in the Shares, none of those investors was willing to provide loan to the Company. Under the circumstances, although Mr. Feng does not have experience in the Company's principal businesses, given that (i) the Subscriber was the only investor willing to provide financial support to the Company and the Working Capital Loan provided the lifeblood to the Company to implement the Scheme in order to save the Company; and (ii) Mr. Feng's financial support to save the Company (and its principal businesses as a whole) evidenced his support to and confidence in the prospects of the principal businesses of the Company, the Company expects that the Subscriber becoming a substantial Shareholder following the Subscriber Share Allotment is in the interest of the Company and its shareholders as a whole. As

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## LETTER FROM THE BOARD

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such, the Company decided to enter into the Facility Agreement with the Subscriber. Mr. Feng also considered that provision of the Working Capital Loan to implement the Scheme would be a good opportunity for him to acquire a sizable stake in the Company. As at the Latest Practicable Date, approximately HK\$4.6 million had been drawn down under the Facility Agreement, of which approximately HK\$1.5 million had been used for implementation of the Scheme (covering the Scheme costs), approximately HK\$2.6 million had been used for the audit of the Company for the years of 2020 and 2021 for resumption of and maintaining trading in the Shares on the Stock Exchange in order to provide the Scheme Shares Allotment settlement option to the Scheme Creditors, approximately HK\$0.2 million has been used to cover the office and administrative expenses of the Company and approximately HK\$0.2 million will be reserved for the Cash Payment. The Working Capital Loan bears an interest of 5% per annum and is repayable upon winding up of the Company or 60 days after sanctioning of the Scheme by the Hong Kong Court, whichever is applicable. In the latter case, the interest would be accrued up to only the date of court sanctioning. Since the Subscriber is not a Scheme Creditor and the Working Capital Loan is its investment in and financial support to the Company, the Working Capital Loan (together with the accrued interest up to the date of court sanctioning) will be settled by way of loan capitalisation by allotment and issue of the Subscriber Shares to the Subscriber following court sanctioning of the Scheme.

### **The Scheme Shares Allotment**

The principal terms of the Scheme Shares Allotment are summarised as follows:

Issuer: The Company

Subscribers: The Scheme Creditors, who are third parties independent of the Company and its connected persons.

The Scheme Shares: Assuming there will be no change in the number of issued Shares between the Latest Practicable Date and completion of the Share Transactions, the Scheme Shares represent 28.3% of the issued Shares as at the Latest Practicable Date or 15.5% of the issued Shares as enlarged by the allotment and issue of the Scheme Shares and the Subscriber Shares.

Based on the Scheme Shares Issue Price and the closing price of the Shares of HK\$0.30 as at the Latest Practicable Date, the 4,405,465 Scheme Shares have market value of HK\$792,984 and HK\$1,321,640 respectively. The nominal value of the Scheme Shares is HK\$352,437.

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## LETTER FROM THE BOARD

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The Scheme Shares will be allotted and issued to no less than six Scheme Creditors and will rank *pari passu* in all respects among themselves and with the Shares in issue on the date of the issue of the Scheme Shares. The number of Scheme Shares to be allotted and issued to each Scheme Creditor shall be rounded down to the nearest integral number of Scheme Shares, and no fraction of a Scheme Share shall be allotted and issued, and in any event, no fraction of any Scheme Shares will be aggregated for allotment or issue.

Scheme Shares Issue  
Price:

The Scheme Shares Issue Price of HK\$0.18, which was determined based on the closing price of the Shares of HK\$0.18 as quoted on the Stock Exchange on the date of the Announcement, represents (i) a discount of 5.3% to the average closing price of HK\$0.19 per Share for the last five consecutive trading days immediately prior to the date of the Announcement and a discount of 10% to the average closing price of HK\$0.20 per Share for the last ten consecutive trading days immediately prior to the date of Announcement; and (ii) a discount of 40% to the closing price of the Shares on the Latest Practicable Date, a discount of 40% to the average closing price of HK\$0.30 per Share for the last five consecutive trading days immediately prior to the Latest Practicable Date and a discount of 40% to the average closing price of HK\$0.30 per Share for the last ten consecutive trading days immediately prior to the Latest Practicable Date.

Conditions precedent:

The Scheme Shares Allotment is subject to:

- (a) the Stock Exchange having granted the listing of, and permission to deal in, the Scheme Shares; and
- (b) the passing of the relevant resolution by way of poll at the SGM by the Shareholders for approving the Specific Mandate for the allotment and issue of the Scheme Shares.

The conditions precedent are not waivable and none of the conditions precedent had been fulfilled as at the Latest Practicable Date. Completion of the Scheme Shares Allotment is expected to take place within 5 business days from fulfillment of the above conditions. Under the Scheme, in the event that any of the condition is not fulfilled in full and the Scheme Shares Allotment does not take place on or before 26 January 2023, those Scheme Creditors who have elected for the Scheme Shares Allotment will receive Cash Payment representing 0.5% of their Admitted Claims.

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## LETTER FROM THE BOARD

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### The Subscriber Shares Allotment

On 24 August 2022, the Company entered into the Subscription Agreement with the Subscriber for settlement of the Working Capital Loan.

The principal terms of the Subscription Agreement are as follows:

Issuer: The Company

Subscriber: The Subscriber and its ultimate beneficial owner:

- (i) are third parties independent of the Company and its connected persons (as defined under the GEM Listing Rules) and, save as disclosed above, have no relationship (existing or prior, expressed or implied) or any arrangement, understanding or undertaking (formal or informal, expressed or implied) with the Company and its connected persons; and
- (ii) are not connected to the Scheme Creditors and, have no relationship (existing or prior, expressed or implied) or any arrangement, understanding or undertaking (formal or informal, expressed or implied) with the Scheme Creditors.

The Subscriber Shares: Assuming there will be no change to the number of issued Shares between the Latest Practicable Date and completion of the Share Transactions, the 8,476,364 Subscriber Shares represent 54.4% of the issued Share as at the Latest Practicable Date and 29.8% of the issued Shares as enlarged by the allotment and issue of the Scheme Shares and the Subscriber Shares.

Based on the Subscriber Shares Issue Price of HK\$0.55 and the closing price of the Shares of HK\$0.30 as at the Latest Practicable Date, the Subscriber Shares have market value of HK\$4,662,000 and HK\$2,542,909 respectively. The nominal value of the Subscriber Shares is HK\$678,109.

The Subscriber Shares will rank *pari passu* in all respects among themselves and with other Shares in issue on the date of allotment and issue of the Subscriber Shares.

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## LETTER FROM THE BOARD

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Subscriber Shares Issue  
Price:

As mentioned above, the Subscriber injected the Working Capital Loan after the Company had received the winding up petition in June 2021 and was in dire financial position. It was disparate from the debts owed by the Company to the Scheme Creditors and represented the Subscriber's investment in and financial support to the Company for implementation of the Scheme to turn around its financial conditions for the survival and maintainance of the listing status of the Company. Without the investment from the Subscriber, the Scheme could not have been effected and the Company would have been wound up by the Hong Kong Court. For the reasons above, the Scheme and the different settlement basis of the Working Capital Loan (i.e. at the Subscriber Shares Issue Price) and the indebtedness of the Scheme Creditors (i.e. one Scheme Share for every HK\$10 of the Admitted Claims) have been approved by the Scheme Creditors and sanctioned by the Hong Kong Court. The Subscriber Shares Issue Price of HK\$0.55 was determined after arm's length negotiation between the Company and the Subscriber with reference to the market price of the Shares in February 2022 when the draft Scheme document was filed with the Hong Kong Court, and represents (i) a premium of 206% over the closing price of HK\$0.18 per Share on the date of the Subscription Agreement, a premium of 189% over the average closing price of HK\$0.19 per Share for the last five trading days immediately prior to the date of the Announcement and a premium of 175% over the average closing price of HK\$0.20 per Share for the last ten trading days prior to the date of the Announcement; and (ii) a premium of 83% over the closing price of HK\$0.30 per Share on the Latest Practicable Date, a premium of 83% over the average closing price of HK\$0.30 per Share for the last five trading days immediately prior to the Latest Practicable Date and a premium of 83% over the average closing price of HK\$0.30 per Share for the last ten consecutive trading days immediately prior to the Latest Practicable Date.

The Subscriber Shares Allotment of HK\$4,662,000 will be offset against the same amount of the Working Capital Loan. The net price per Subscriber Share is HK\$0.55.

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## LETTER FROM THE BOARD

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- Conditions precedent: Completion of the Subscription Agreement is conditional upon:
- (a) the Listing Committee of the Stock Exchange granting of the listing of, and permission to deal in, the Subscriber Shares;
  - (b) trading in the Shares on the Stock Exchange not being revoked or withdrawn at any time prior to the completion of the Subscription Agreement;
  - (c) there being no indication received from the Stock Exchange that the listing of the Shares on the Stock Exchange will be suspended, revoked or withdrawn at any time after completion of the Subscription Agreement;
  - (d) the respective warranties of the Company and the Subscriber under the Subscription Agreement remaining true and accurate in all material respects;
  - (e) the Company having obtained all necessary consents and approvals as may be required to be obtained on the part of the Company in respect of the Subscriber Shares Allotment; and
  - (f) the Subscriber having obtained all necessary consents and approvals as may be required to be obtained on the part of the Subscriber in respect of the Subscriber Shares Allotment.

Save and except that the Subscriber may, at its sole discretion, waive condition (d) in respect of the warranties given by the Company, all the conditions (a), (b), (c), (d), (e) and (f) shall not be waived by the Company and/or the Subscriber. As at the Latest Practicable Date, none of the conditions precedent had been fulfilled or waived. In the event that any of the conditions not being fulfilled or waived in full by 26 January 2023 (or such other time and date as may be agreed between the Company and the Subscriber in writing), the Subscription Agreement shall cease and terminate and thereafter, neither party shall have any obligation and liability thereunder save for any antecedent breaches of the provisions under the Subscription Agreement.

Completion of the Subscriber Shares Allotment will take place within 5 business days from fulfilment or waiver (as the case may be) of the conditions as set out above.

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## LETTER FROM THE BOARD

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### SPECIFIC MANDATE

The issue of the Scheme Shares and the Subscriber Shares will be allotted and issued under the Specific Mandate to be sought from the Shareholders at the SGM.

### APPLICATION FOR LISTING

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in the Scheme Shares and the Subscriber Shares.

### EQUITY FUNDRAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities during the past twelve months immediately preceding the Latest Practicable Date.

### EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming there will be no change in the number of issued Shares between the Latest Practicable Date and completion of the Share Transactions, the shareholding structure of the Company as at the Latest Practicable Date and immediately after completion of the Share Transactions is set out as below:

		As at the Latest Practicable Date		Immediately after the Share Transactions	
	<i>Notes</i>	<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>%</i>
Mega Trillion International Corporation		2,596,875	16.7%	2,596,875	9.1%
Landmass Investments Limited	1	1,517,212	9.7%	1,517,212	5.3%
Jade Metro Limited	1	1,031,250	6.6%	1,031,250	3.6%
Director	2	676,127	4.3%	676,127	2.4%
Subscriber		–	–	8,476,364	29.8%
Scheme Creditors		–	–	4,405,465	15.5%
Public shareholders		9,763,867	62.7%	9,763,867	34.3%
Total		<u>15,585,331</u>	<u>100.0%</u>	<u>28,467,160</u>	<u>100.0%</u>

*Notes:*

1. Ms. Zhang Limei, a third party independent of the Company and its connected persons, is the beneficial owner of Landmass Investments Limited and Jade Metro Limited.
2. Ms. Chan Ho Yee, an executive Director.

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## LETTER FROM THE BOARD

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### REASONS FOR AND BENEFITS OF THE SHARE TRANSACTIONS

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 Share Transactions form the Company's principal arrangements with the Scheme Creditors and the Subscriber for their support to the Scheme. The success of the Scheme was resulted from the support of the Scheme Creditors and the Subscriber. Given that (i) the Scheme will turn the Group's financial position from substantial net liabilities into net asset value; (ii) the Share Transactions are the principal terms relied upon by the Scheme Creditors and the Subscriber to render their support to the Scheme; (iii) the Company would have been placed under liquidation and the Shares would have become worthless if either the Scheme was not approved by the Scheme Creditors or the financial support was not provided by the Subscriber; and (iv) the Subscriber Shares Issue Price reflects a premium of over 200% to the current market price of the Shares, the Directors are of the view that the terms of the Share Transactions (including the Subscriber Shares Issue Price) are fair and reasonable and the Share Transactions (under which the subscriber will become the single largest shareholder of the Company) are in the interest of the Company and the Shareholders as a whole. As mentioned above, since the Share Transactions (both the Scheme Shares Allotment and the Subscriber Shares Allotment) are inter-conditional arrangements proposed in the Scheme document despatched to the Scheme Creditors in April 2022, based on which the Scheme Creditors had voted in favour to approve the Scheme and the Hong Kong Court had sanctioned the Scheme, the Share Transactions are proposed under one resolution for the Shareholders to consider and, if thought fit, to approve at the SGM.

Looking ahead, the challenges arising from the Sino-United States conflict, the drastic changes in the business environment and disruption of supply chains in the midst of the pandemic and the worldwide interest and inflation hikes will continue to impact on the global and local economy and may inevitably affect the Group's business operations. Admittedly, this is a very difficult period for all but the Company is confident that its operation and financial positions will return to normality and its businesses will progress steadily with good prospects after the Scheme is implemented. As such, both the Company and the Subscriber (including Mr. Feng) have no intention to scale down or dispose of its principal businesses (the household and plantation business and the other businesses). On one hand, the Company will continue to broaden its product offerings and customer base. On the other hand, the Group will continue to devise funding strategies to strengthen its financial position and support its business development and keep abreast of strategic and attractive business opportunities in the business sectors where it has business strengths to enhance overall competitiveness. However, the Group has not identified any appropriate business opportunity as at the Latest Practicable Date. The Subscriber (including Mr. Feng) have also confirmed that they have no intention to cause any change to the composition of the Board or become a member of the Board.



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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, apart from the Admitted Claims and the Working Capital Loan, the Company had liabilities of approximately HK\$0.5 million comprising general administrative and office expenses. It is expected that such liabilities will be settled by the surplus cash generated from the business activities of the Group and/or financing exercises.

As the court sanctioning of the Scheme took place on 27 July 2022, the Working Capital Loan had become due and payable on 25 September 2022 (i.e. the 60th day from the date of court sanctioning). However, the Subscriber has indicated to allow the Company more time to complete the procedural requirements to issue the Subscriber Shares to settle the loan. Given that the Working Capital Loan has become due and payable, if the resolution to approve the Share Transactions is not approved by the Shareholders, the Company would not have sufficient financial resources to settle the loan. In view of (i) the current unfavourable and volatile market sentiments and the difficulty in identifying appropriate investors; (ii) the Company's lack of valuable assets for loan financing; and (iii) the price of the Shares having been HK\$0.30 since 1 November 2022, representing a 45% discount to the Subscriber Share Issue Price, with minimal trading volume, the Company does not expect to be able to raise fund from the market, not to mention that any such fund-raising, even if successful, would be conducted at a much lower price than the Subscriber Share Issue Price, resulting in a much higher dilution effect to the Shareholders.

### **SGM**

The SGM will be held at Suites 2701–08, 27th Floor, Shui On Centre, 6–8 Harbour Road, Wanchai, Hong Kong at 10:00 a.m. on Thursday, 15 December 2022 for the Shareholders to consider and, if thought fit, pass the ordinary resolution for approving the Share Transactions and the Specific Mandate in respect of the Scheme Shares Allotment and the Subscriber Shares Allotment. A notice convening the SGM is set forth on pages 16 to 18 of this circular. The resolution proposed to be approved at the SGM will be taken by poll and an announcement will be made by the Company after the SGM on the results.

A form of proxy for use at the SGM is enclosed with this circular. You may complete and deposit the form at the principal place of business of the Company at 11/F, China United Plaza, 1008 Tai Nan West Street, Lai Chi Kok, Hong Kong or the office of the Company's share registrar in Hong Kong at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time for holding of the SGM or any adjournment thereof. Return of the form of proxy or delivery of an instrument appointing a proxy will not preclude you from attending and voting in person at the SGM should you so wish and, in such event, the form of proxy or the instrument appointing a proxy shall be deemed being revoked.

To the best of the knowledge and belief of the Directors having made all reasonable enquiries, as at the Latest Practicable Date, no Shareholder has a material interest in the Share Transactions, and accordingly no Shareholder is required to abstain from voting on the resolution approving the Share Transactions.

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## LETTER FROM THE BOARD

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### RECOMMENDATION

Based on the above, the Directors considered that the Share Transactions (including the Subscriber Shares Issue Price) are in the interest of the Company and Shareholders as a whole and recommend the Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Share Transactions.

### CLOSURE OF BOOKS

For determining the entitlement of the Shareholders to attend and vote at the SGM, the register of members of the Company will be closed from Monday, 12 December 2022 to Thursday, 15 December 2022 (both dates inclusive) during which period no transfer of the Shares will be registered.

In order to be qualified for the entitlement to attend and vote at the SGM, all properly completed transfer forms, accompanied by the relevant share certificates, must be lodged with the principal place of business of the Company in Hong Kong at 11/F, China United Plaza, 1008 Tai Nan West Street, Lai Chi Kok, Hong Kong or the office the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Ltd., at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on Friday, 9 December 2022.

### RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of 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 circular is accurate and complete in all material respects and not misleading or deceptive, and there is no other matter the omission of which would make any statement herein or this circular misleading.

### MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

Yours faithfully  
For and on behalf of the Board  
**M-Resources Group Limited**  
**Chan Ho Yee**  
*Executive Director*

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## NOTICE OF SGM

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### M Resources Group Limited

脈資資源集團有限公司

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 08186)**

### NOTICE OF SGM

**NOTICE IS HEREBY GIVEN** that the SGM of M-Resources Group Limited (the “Company”) will be held at Suites 2701–08, 27th Floor, Shui On Centre, 6–8 Harbour Road, Wanchai, Hong Kong on Thursday, 15 December 2022 at 10:00 a.m. for the following purpose:

#### ORDINARY RESOLUTION

“**THAT**

the allotment and issue of

- (i) 4,405,465 Scheme Shares at the Scheme Share Issue Price to the Scheme Creditors pursuant to the Scheme effected under Sections 670 and 673 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (major terms of which are set out in the section headed “Letter from the Board” in the circular of the Company dated 28 November 2022 (the “Circular”)); and
- (ii) 8,476,364 Subscriber Shares to the Subscriber pursuant to the Subscription Agreement (a copy of which marked “A” for identification purpose and signed by the chairperson of the SGM has been tabled at the meeting)

be and are hereby approved, ratified and confirmed and any one Director be and is hereby authorised to approve any changes and amendments thereto as he/she may consider necessary, desirable or appropriate; and

the Directors be and are hereby granted the Specific Mandate to allot and issue the Scheme Shares and the Subscriber Shares conditional upon the Listing Committee of the Stock Exchange granting the listing of, and the permission to deal in the Scheme Shares and the Subscriber Shares, provided that the Specific Mandate shall be in addition to and shall not prejudice nor revoke the existing general mandate granted to the Company by its shareholders in the annual general meeting of the Company on 24 June 2022 or such other general or specific mandate(s) which may from time to time be granted to the Directors prior to or after the passing of this resolution; and

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## NOTICE OF SGM

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any one or more Directors be and are hereby authorised generally to take all necessary steps and to do all such acts and things and sign and execute all such documents (including the affixation of the common seal of the Company where execution under seal is required) which he/she/they may consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the issue and allotment of the Scheme Shares and the Subscriber Shares.”

Terms used in this Notice of SGM shall have the same meaning as those defined in the Circular.

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

Hong Kong, 28 November 2022

*Registered Office:*  
Victoria Place, 5th Floor  
31 Victoria Street  
Hamilton HM10  
Bermuda

*Head office and principal place of  
business in Hong Kong:*  
11/F, China United Plaza  
1008 Tai Nan West Street  
Lai Chi Kok  
Hong Kong

*Notes:*

- (1) A member being entitled to attend and vote at the above meeting is entitled to appoint a proxy or, if he/she/it is a holder of more than one share, more proxies to attend and vote instead of him/her/it. A proxy need not be a member of the Company.
- (2) Where there are joint holders of any share of the Company, any one of such joint holders may vote at the meeting, either personally or by proxy, in respect of such share as if he/she/it was solely entitled thereto, but if more than one of such joint holders are present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
- (3) An instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power of attorney or authority or the completed form of proxy must be lodged with the principal place of business of the Company in Hong Kong at 11/F, China United Plaza, 1008 Tai Nan West Street, Lai Chi Kok, Hong Kong or the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Ltd., at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not less than 48 hours (exclusive of any part of a day that is a public holiday) before the time appointed for holding the meeting.
- (4) Return of the form of proxy or that instrument appointing a proxy will not preclude a member from attending the meeting and voting in person at the meeting if he/she/it so desires. If a member attends the meeting after having deposited the form or the instrument, his/her/its form or instrument will be deemed being revoked.

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## NOTICE OF SGM

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- (5) For determining the entitlement of the shareholders of the Company to attend and vote at the SGM, the register of members of the Company will be closed from Monday, 12 December 2022 to Thursday, 15 December 2022 (both dates inclusive) during which period no transfer of shares will be registered. In order to qualify for entitlement to attend and vote at the SGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with Computershare Hong Kong Investor Services Ltd. no later than 4:30 p.m. on Friday, 9 December 2022.