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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)

SUPPLEMENTAL ANNOUNCEMENT ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

Reference is made to the announcement of the Company dated 13 May 2022. Capitalised terms used herein shall have the same meaning as those defined in the said announcement.

DIFFERENCES BETWEEN THE 2021 AUDITED AND UNAUDITED ANNUAL RESULTS

The Company would like to supplement further information relating to the increase/decrease in certain balances in the 2021 Audited Annual Results from those of the 2021 Unaudited Annual Results as disclosed in its announcement dated 13 May 2022 that: (i) the net change in under-provision of expenses was mainly resulted from adjustment on under-provision of audit fees and over-provision of certain sundry expenses; (ii) the adjustment on under-provision of interest expenses was mainly resulted from change in market interest rate not being picked up when preparing the 2021 Unaudited Annual Results; (iii) the adjustment on provision of impairment loss on trade receivables and other receivables was mainly resulted from under-provision of impairment on trade receivables and over-provision of impairment on other receivables after re-assessment of expected credit loss in accordance with the requirements of relevant accounting standards.

EXTRACT OF INDEPENDENT AUDITOR’S REPORT

The paragraphs below are extracts of the report by BDO regarding the consolidated financial statements of the Group for the year ended 31 December 2021.

QUALIFIED OPINION

In our opinion, except for the possible effects of the matter described in the “Basis for Qualified Opinion” section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (the “HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR QUALIFIED OPINION

During the year ended 31 December 2020, the Group completed the disposal of a number of investees accounted for as subsidiaries engaged in forestry and agricultural business and financial service business (the “Disposal Groups”) on 19 November 2020, 30 November 2020 and 21 December 2020 respectively (the “Disposals”). During the period from 1 January 2020 to the respective disposal dates, the Disposal Groups generated a loss amounting to HK\$2,573,000. The gain on disposal of the Disposal Groups amounting to HK\$2,924,000 was included in the consolidated statement of profit or loss for the year ended 31 December 2020. Details are set out in note 36 to the consolidated financial statements.

We were only appointed as the auditor of the Group after the completion of the Disposals. The new owners of the Disposal Groups did not grant us the access to the books and records of the Disposal Groups, nor the ex-auditor allowed us to review their working papers to obtain audit evidence in respect of the Disposal Groups.

As a result, we were unable to obtain sufficient appropriate evidence that we considered necessary to evaluate and determine whether the Disposal Groups should have been accounted for as subsidiaries of the Group during the period from 1 January 2020 to the respective disposal dates. There were no other alternative procedures that we could perform to evaluate whether the Disposal Groups were the subsidiaries of the Group. Had the Disposal Groups not been determined as subsidiaries of the Group, the financial line items of the Disposal Groups would have not been accounted for in accordance with the accounting policies as adopted in the preparation of the consolidated financial statements for the year ended 31 December 2020.

Due to the reason stated in the previously mentioned paragraphs, we were also unable to determine whether (i) the carrying amounts of the Disposal Groups as at 1 January 2020; and (ii) the carrying amounts as at the respective disposal dates, the loss arising from the Disposal Groups for the period from 1 January 2020 to the respective disposal dates of HK\$2,573,000 and the gain on Disposals of HK\$2,924,000 were fairly stated. Any adjustments in respect of the above amounts found necessary would have a consequential effect on (i) the carrying amounts of the Disposal Groups as at the respective disposal dates; (ii) the loss arising from the Disposal Groups for the period from 1 January 2020 to the respective disposal dates; (iii) the gain on Disposals; and (iv) the related disclosures of the Disposals in the consolidated financial statements for the year ended 31 December 2020. Accordingly, we disclaimed our opinion on the Group's consolidated financial statements for the year ended 31 December 2020.

Our audit opinion on the consolidated financial statements for the year ended 31 December 2021 is also modified because of the possible effect of the abovementioned matter on the comparability of the current year's figures and the corresponding figures for the year ended 31 December 2020 in the consolidated financial statements for the year ended 31 December 2021.

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

As disclosed in note 3.2 to the consolidated financial statements, the Group recorded a net loss attributable to the owners of the Company of approximately HK\$7,287,000 for the year ended 31 December 2021, and as at 31 December 2021, the Group's current liabilities exceeded its current assets by approximately HK\$54,226,000 and the Group had net liabilities of approximately HK\$47,956,000. These events or condition, together with other matters described in note 3.2 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

For and on behalf of the Board of
M-Resources Group Limited
Leung Ka Ho
Company Secretary

Hong Kong, 17 May 2022

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, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors of the Company, 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 herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at <http://www.hkgem.com> for seven days from the date of its publication and on the website of the Company at <http://www.m-resources.com.hk>.