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IR Resources Limited
同仁資源有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 8186)

**(1) PROPOSED CAPITAL REORGANISATION; AND
(2) PROPOSED RIGHTS ISSUE OF NEW SHARES
ON THE BASIS OF TEN (10) RIGHTS SHARES FOR
EVERY ONE (1) NEW SHARE HELD ON THE RECORD DATE**

Joint Financial Advisers

AmCap
Ample Capital Limited
豐盛融資有限公司

Nuada Limited
Corporate Finance Advisory

Underwriter to the Rights Issue

CONVOY  **康宏**
Securities

Convoy Securities Limited

THE PROPOSED CAPITAL REORGANISATION

The Company intends to put forward to the Shareholders for their approval of the proposed Capital Reorganisation involving:

(i) Capital Reduction

The proposed Capital Reduction will involve reducing the issued share capital of the Company by cancelling the paid-up capital of the Company to the extent of HK\$0.049 on each Existing Share such that the nominal value of each Existing Share will be reduced from HK\$0.05 to HK\$0.001. The credit arising from such reduction will amount to HK\$128.57 million and will be credited to the contributed surplus account of the Company.

Forthwith upon the Capital Reduction taking effect, every authorised but unissued Existing Shares will be subdivided into 50 New Shares with a par value of HK\$0.001 each.

(ii) Reduction of Share Premium

As at 31 December 2014, the share premium account of the Company had a credit balance of HK\$973 million. After the Capital Reduction having become effective, the entire amount standing to the credit of the share premium account of the Company will be reduced to nil and the credit arising from such reduction will be credited to the contributed surplus account of the Company.

(iii) Elimination of Accumulated losses

Following the Capital Reduction and the Reduction of Share Premium, the credit amount standing in the contributed surplus account of the Company will be used to set off the accumulated losses of the Company in full and in any other manner as permitted under the bye-laws of the Company and the applicable laws of Bermuda.

Shareholders and potential investors of the Company should be aware of and take note that the proposed Capital Reorganisation is conditional upon satisfaction of the conditions precedent set out in the paragraphs headed “Conditions of the Capital Reorganisation” below, and therefore may or may not proceed. Accordingly, they are advised to exercise caution when dealing in the Existing Shares, and if they are in any doubt about their position, they should consult their professional advisers.

THE RIGHTS ISSUE

The Company proposes to raise HK\$262.4 million before expenses, by issuing 26,239,509,650 Rights Shares to the Qualifying Shareholders at the Subscription Price on the basis of ten (10) Rights Shares for every one (1) New Shares held on the Record Date. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders.

The Subscription Price represents (i) a discount of approximately 87.0% to the closing price of HK\$0.077 per Existing Share on the Last Trading Day; and (ii) a discount of approximately 37.5% to the theoretical ex-entitlement price of HK\$0.016 per New Share based on the closing price of HK\$0.077 per Existing Share on the Last Trading Day and adjusted for the effect of the Capital Reorganisation.

Based on the 2,623,950,965 Existing Shares in issue as at the date of this announcement and assuming that there will be no change in the number of issued Shares from the date of this announcement and up to the Record Date, 26,239,509,650 Rights Shares will be issued and such Rights Shares will represent (i) 10 times the number of New Shares in issue upon the Capital Reorganisation becoming effective; and (ii) 90.9% of the number of New Shares in issue upon the Capital Reduction becoming effective as enlarged by the allotment and issue of the Rights Shares.

Each of Ritz Management and China Wah Yan has irrevocably undertaken to the Company and the Underwriter that they will respectively subscribe for or procure the subscription of 1,200,000,000 Rights Shares and 7,100,000,000 Rights Shares that will be provisionally allotted to them as the holder of such New Shares under the Rights Issue.

The Underwriter has conditionally agreed to underwrite the Rights Shares (other than the Rights Shares agreed to be taken up by China Wah Yan and Ritz Management) which have not been taken up under the Rights Issue. Accordingly, the Rights Issue is fully underwritten.

WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND RIGHTS SHARES IN NIL-PAID FORM

The Rights Issue is subject to the satisfaction of a number of conditions as described under the section headed “Conditions of the Rights Issue”. In particular, it is subject to the Capital Reduction becoming effective, the approval of the Rights Issue at the SGM and the Underwriting Agreement having become unconditional and not having been terminated or rescinded. Accordingly, the Rights Issue may or may not proceed. If the Rights Issue does not proceed, a further announcement will be made by the Company.

It is expected that Shares will be dealt with on an ex-rights basis from 5 April 2016 and Rights Shares will be dealt with in their nil-paid form from 19 April 2016 to 29 April 2016. Any buying or selling of Shares and/or nil-paid Rights Shares between the date of this announcement and the date the Rights Issue becomes unconditional is at an investor’s own risk.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares and nil-paid Rights Shares. If they are in any doubt about their position, they should consult their professional advisers.

IMPLICATIONS UNDER THE GEM LISTING RULES

The Capital Reorganisation is subject to, among other things, the passing of the relevant resolution(s) by the Shareholders approving the same at the SGM.

As the Rights Issue will increase the issued share capital and the market capitalisation of the Company by more than 50%, according to Chapter 10 of the GEM Listing Rules, the Rights Issue is subject to the approval by the Shareholders at the SGM by resolution(s) on which any controlling Shareholders and their associates, or where there are no controlling Shareholders, the directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Rights Issue.

As at the date of this announcement, the Company has no controlling Shareholder and Ms. Yu, the executive Director, through Ritz Management, holds 120,000,000 Existing Shares (representing approximately 4.57% of the number of issued Existing Shares as at the date of this announcement). Accordingly, Ritz Management will abstain from voting in favour of the resolution(s) relating to the Rights Issue. Save as the aforesaid, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Director or any of his/her associates holds any Existing Shares as at the date of this announcement.

THE SGM

The SGM will be convened and held for (i) the Shareholders to consider and, if thought fit, approve the Capital Reorganisation by way of a poll; and (ii) the independent Shareholders to consider and, if thought fit, approve the Rights Issue by way of a poll.

As no Shareholders have a material interest in the Capital Reorganisation, no Shareholders are required to abstain from voting in the SGM approving the resolution(s) relating to the Capital Reorganisation. As mentioned above, Ritz Management shall abstain from voting in favour of the resolution(s) to approve the Rights Issue.

GENERAL

An independent board committee of the Company comprising the independent non-executive Directors will be established to advise the independent Shareholders as to (i) whether the terms of the Rights Issue are fair and reasonable and in the interest of the Shareholders as a whole; and (ii) how to vote on the resolution(s) relating to the Rights Issue. In this connection, an independent financial adviser will be appointed by the Company to advise the independent board committee and the independent shareholders of the Company in these regards.

A circular containing, among other things, (i) details regarding the Capital Reorganisation and the Rights Issue; (ii) the letter of recommendation from the independent board committee of the Company in respect of the Rights Issue; (iii) the letter of advice from the independent financial adviser to the independent board committee and the independent shareholder of the Company in respect of the Rights Issue; (iv) the notice convening the SGM relating to the Capital Reorganisation and the Rights Issue and the corresponding proxy form; and (v) other disclosure requirements under the GEM Listing Rules, will be despatched to the Shareholders as soon as practicable.

SUSPENSION OF TRADING

Trading in the Existing Shares will remain suspended until further notice.

THE CAPITAL REORGANISATION

The Company intends to put forwards to the Shareholders for their approval of the Capital Reorganisation involving:

(i) Capital Reduction

The proposed Capital Reduction will involve (i) reducing the issued share capital of the Company by cancelling the paid-up capital of the Company to the extent of HK\$0.049 on each Existing Shares such that the nominal value of each Existing Share will be reduced from HK\$0.05 each to HK\$0.001. The credit arising from such reduction will be credited to the contributed surplus account of the Company. Based on the 2,623,950,965 Existing Shares in issue as at the date of this announcement, it is estimated that a credit balance of HK\$128.57 million will arise from the Capital Reduction.

Forthwith upon the Capital Reduction taking effect, every authorised but unissued Existing Shares will be sub-divided into 50 New Shares with a par value of HK\$0.001 each.

(ii) Reduction of Share Premium

After the Capital Reduction having become effective, the entire amount standing to the credit of the share premium account of the Company will be reduced to nil and the credit arising from such reduction will be credited to the contributed surplus account of the Company. As at 31 December 2014, the Company had a credit balance of HK\$973.0 million standing in its share premium account.

(iii) Elimination of Accumulated Losses

Following the Capital Reduction and the Reduction of Share Premium, the credit amount standing in the contributed surplus account of the Company will be used to set off the accumulated losses of the Company in full and in any other manner as permitted under the by-laws of the Company and the applicable laws of Bermuda.

Conditions of the Capital Reorganisation

The proposed Capital Reorganisation is subject to, among other things, the following conditions:

- (i) the passing of the special resolution(s) to approve the Capital Reorganisation at the SGM;
- (ii) compliance with the relevant procedures and requirements under the laws of Bermuda (where applicable) and the GEM Listing Rules to effect the Capital Reorganisation; and
- (iii) the Stock Exchange granting the listing of, and permission to deal in, the New Shares arising from the Capital Reorganisation.

Subject to the fulfillment of the above conditions, the Capital Reorganisation is expected to become effective on the next business day following the date of passing the relevant resolution(s) at the SGM.

Effects of the Capital Reorganisation

Save for the relevant expenses to be incurred, the implementation of the Capital Reorganisation will not, by itself, alter the underlying assets, business, operation, management or financial position of the Company and the Capital Reorganisation is not expected to have any material adverse effect on the financial position of the Company.

Assuming there will be no change in the number of issued Existing Shares from the date of this announcement up to the date on which the Capital Reorganisation having become effective, the share capital structures of the Company before and after the Capital Reorganisation are summarised as follows:

	As at the date of this announcement	Immediately after the Capital Reorganisation
Par value	HK\$0.05 per Existing Share	HK\$0.001 per New Share
Authorised		
Number of shares	4,000,000,000 Existing Shares	200,000,000,000 New Shares
Share capital	HK\$200,000,000	HK\$200,000,000
Issue and fully paid		
Number of shares	2,623,950,965 Existing Shares	2,623,950,965 New Shares
Amount of issued share capital	HK\$131,197,548.25	HK\$2,623,950.965
Unissued:		
Number of unissued shares	1,376,049,035 Existing Shares	197,376,049,035 New Shares
Amount of unissued share capital	HK\$68,802,451.75	HK\$197,376,049.035

Status of the New Shares

The New Shares in issue upon the Capital Reorganisation becoming effective will be identical in all respects and shall rank pari passu in all respects with each other as to all future dividends and distribution which are declared, made or paid in accordance with the bye-laws of the Company. The proposed Capital Reorganisation will not result in any change in the relative rights and interests of the Shareholders as a whole.

Listing Application of the New Shares

An application will be made by the Company to the Stock Exchange for granting the listing of, and permission to deal in, the New Shares arising from the Capital Reorganisation.

Subject to granting of the listing of, and permission to deal in, the New Shares on the Stock Exchange, the New Shares will be accepted as eligible securities by HKSCC for deposits, clearance and settlement in CCASS with effect from the commencement date of dealings in the New Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Free exchange of share certificates

Subject to the Capital Reorganisation becoming effective, Shareholders may submit share certificates of the Existing Shares to the Company Registrar at Shops 1712-16, 17th floor, Hopewell Centre, 183 Queen's Road East Wanchai, Hong Kong for exchange of the new certificates of the New Shares from Friday, 1 April 2016 to Wednesday, 18 May 2016 (both dates inclusive), at the expenses of the Company. Thereafter, certificates for the Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.5 (or such higher amount as may from time to time be allowed by the Stock Exchange) for each new share certificate issued for the New Shares or each existing certificate for the Existing Shares cancelled, whichever the number is higher. Nevertheless, the existing certificates for the Existing Shares will continue to be good evidence of legal title but are not valid for dealings, trading and settlement purpose after the Capital Reorganisation has become effective and may be exchanged for certificates for the New Shares at any time in accordance with the foregoing.

The colour of the new share certificates for the New Shares will be announced by the Company in due course.

Reasons for the Capital Reorganisation

The Company believes that the Capital Reorganisation will provide the Company with greater flexibility in future fund raising opportunities. In addition, following the Elimination of Accumulated Losses, the Company will be able to set off its accumulated losses which will in turn allow greater flexibility for the Company to pay dividends in the future so as to attract new investors. Based on the above, the Directors are of the view that the Capital Reorganisation is in the interests of the Company and the Shareholders as a whole.

Shareholders and potential investors of the Company should be aware of and take note that the proposed Capital Reorganisation is conditional upon satisfaction of the conditions precedent set out in the paragraphs headed "Conditions of the Capital Reorganisation" above, and therefore may or may not proceed. Accordingly, they are advised to exercise caution when dealing in the Existing Shares, and if they are in any doubt about their position, they should consult their professional advisers.

THE RIGHTS ISSUE

On 24 February 2016, the Company and the Underwriter entered into the Underwriting Agreement regarding the Rights Issue. The terms of the Rights Issue are set out below:

Issue statistics

Basis of the Rights Issue	:	Ten (10) Rights Shares for every one (1) New Share held on the Record Date
Subscription Price	:	HK\$0.01 per Rights Share
Number of New Shares in issue upon the Capital Reduction becoming effective	:	2,623,950,965 New Shares
Number of Rights Shares	:	26,239,509,650 Rights Shares
Number of Rights Shares agreed to be taken up	:	China Wah Yan and Ritz Management have both undertaken to the Company and the Underwriter that they will respectively apply for, or procure the subscription of, 7,100,000,000 Rights Shares and 1,200,000,000 Rights Shares to be provisionally allotted to them under the Rights Issue. Details of the undertaking are set out in the paragraph headed “Shareholders Undertaking” in this announcement.
Number of Rights Shares to be underwritten by the Underwriter(s)	:	17,939,509,650 Rights Shares, being the number of Rights Shares to be allotted and issued less the aggregate number of the Rights Shares agreed to be taken up by China Wah Yan and Ritz Management. Accordingly, the Rights Issue is fully underwritten.
Nominal value of the Rights Shares	:	HK\$26,239,509.65
Gross proceeds to be raised from the Rights Shares	:	HK\$262.4 million
Estimated net proceeds to be raised from the Rights Issue after deduction of expenses	:	HK\$252 million
Underwriter	:	Convoy Securities Limited

Based on the 2,623,950,065 Existing Shares in issue as at the date of this announcement and assuming there will be no change in the number of issued Shares from the date of this announcement up to the Record Date, the 26,239,509,650 Rights Shares to be issued pursuant to the Rights Issue will represent (i) 10 times the number of issued New Shares immediately upon the Capital Reduction becoming effective; and (ii) 90.9% of the number of issued New Share immediately upon the Capital Reduction becoming effective as enlarged by the allotment and issue of the Rights Shares.

As at the date of this announcement, the Company has no other outstanding options, warrants, derivatives or convertible securities which may confer any right to the holder thereof to subscribe for, convert or exchange into Shares.

Basis of provisional allotment

The basis of the Rights Issue will be ten (10) Rights Shares (in nil-paid form) for every one (1) New Share is issue held by the Qualifying Shareholders on the Record Date. Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completion the PAL and lodging the same with a remittance for the Rights Shares being applied for to the Company Registrar at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong on or before the Latest Time for Acceptance.

Matching services

No odd lot matching services will be provided for the Rights Shares.

Subscription Price

The Subscription Price is HK\$0.01 per Rights Share and is payable in full by a Qualifying Shareholder upon acceptance of the provisional allotment of Rights Shares or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of 87.0% to the closing price of HK\$0.077 per Existing Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a discount of 37.5% to the theoretical ex-rights price of HK\$0.016 per New Share (based on the closing price of HK\$0.077 per Existing Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Capital Reorganisation).

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter after taking into, among others, the pro-longed period of suspension in the trading of the Existing Shares, the prevailing market sentiment, the poor financial performance of the Group in the past years and the additional fund required by the Group for its continuous business

development. The Directors consider that the Subscription Price, which represents a substantial discount to the closing price of the Existing Shares on the Last Trading Day, would encourage the Qualifying Shareholders to participate in the Rights Issue which would enable them to maintain their shareholdings in the Company and to enjoy the potential growth of the Group.

The Directors (other than the independent non-executive Directors who will form their views on the Rights Issue after obtaining the advice from the independent financial adviser) have considered that the terms of the Rights Issue (including the Subscription Price) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders. Subject to the passing of the resolution approving the Rights Issue by the independent Shareholders at the SGM and the registration of the Prospectus Documents in accordance with the applicable laws and regulations, the Company will send the Prospectus Documents to the Qualifying Shareholders.

A Qualifying Shareholder must be registered as a member of the Company on the Record Date, and not be a Non-Qualifying Shareholder.

In order to be registered as a member of the Company on the Record Date, all transfer of Shares must be lodged for registration with the Company Registrar on or before 4:30 p.m. on Wednesday, 6 April 2016.

Rights of Overseas Shareholders and Non-Qualifying Shareholders

The Prospectus Documents to be issued in connection with the Rights Issue will not be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. If, on the Record Date, a Shareholder's address on the register of members of the Company is in a place outside Hong Kong, that Shareholder may not be eligible to take part in the Rights Issue as the Prospectus Documents are not expected to be registered under the applicable securities legislation of any jurisdictions other than Hong Kong. In compliance with Rule 17.41 of the GEM Listing Rules, the Company will make enquiries as to whether the issue of Rights Shares to Overseas Shareholders may contravene the applicable securities legislation of the relevant overseas jurisdictions or the requirements of the relevant regulatory bodies or stock exchanges. If, after making such enquiry, the Directors are of the opinion that it would be necessary or expedient not to offer the Rights Shares to such Overseas Shareholders, the Rights Issue will not be available to such Overseas Shareholders and no provisional allotment of nil-paid Rights Shares will be made to them.

The results of the enquiries and the basis of exclusion of the Overseas Shareholders will be included in the Prospectus. If the Overseas Shareholders are excluded, the Company will only send copies of the Prospectus (without the PAL) to the Non-Qualifying Shareholders for their information only provided that the delivery of such Prospectus does not contravene any applicable security legislation of the relevant overseas jurisdiction.

The Company shall provisionally allot the Rights Shares which represent the entitlements of the Non-Qualifying Shareholders to a nominee of the Company in nil-paid form and the Company shall procure that such nominee shall endeavor to sell the rights as soon as practicable after dealing in nil-paid Rights Shares commence and in any event on or before the last day of dealing in nil-paid Rights Shares at a net premium (nil-paid). If and to the extent that such rights can be so sold, the said nominee of the Company shall account to the Company for the net proceeds of sale (after deducting the expenses for sale, if any), on the basis that the net proceeds after deducting the expenses of sale (if any) attributable to the sale of the Rights Shares that would otherwise have been allotted to the Non-Qualifying Shareholders shall be distributed pro rata to their shareholding as at the Record Date (but rounded down to the nearest cent) to the Non-Qualifying Shareholders provided that individual amounts of HK\$100 or less shall be retained by the Company for its own benefit. Any of such nil-paid rights which are not sold as aforesaid will be dealt with as Rights Shares not accepted in accordance with the terms of the Underwriting Agreement.

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue. Accordingly, Overseas Shareholders should exercise caution when dealing in the securities of the Company.

Ranking of the Rights Shares

The Rights Shares, when allotted, issued and fully-paid, shall rank pari passu in all respects with the New Shares then in issue, including as to the right to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment of the Rights Shares.

Closure of register of members

The register of members of the Company is expected to be closed from Thursday, 7 April 2016 to Wednesday, 13 April 2016, both dates inclusive, to determine the eligibility of the Shareholders to the Rights Issue. No transfer of Shares will be registered during this period.

No Application for excess Rights Shares

Having considering that (i) the Rights Issue will give the Qualifying Shareholders an equal and fair opportunity to maintain their respective pro rata shareholding interests in the Company; (ii) the additional effort and costs required to administer the excess application procedures; and (iii) the estimated net proceeds from the Rights Issue has been earmarked for specific uses and therefore it is important to minimise costs arising from the fund raising, the Company decides that Qualifying Shareholders will not be entitled to subscribe for any additional Rights Shares in excess of their provisional allotment under the Rights Issue. Any Rights Shares not being applied for by the Qualifying Shareholders will be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement.

Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to subscribe or procure the subscription for the Rights Shares which have not been taken up by the Qualifying Shareholder.

Application for listing

The Company will apply to the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares in both their nil-paid and fully paid forms to be issued and allotted pursuant to the Rights Issue.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as may be determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading thereafter. All activities under the CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbroker or other professional advisers for details of those settlement arrangements and how such arrangement will affect their rights and interests.

Dealing in the Rights Shares in both their nil-paid and fully-paid forms registered in the register of members of the Company in Hong Kong will be subject to the payment of the stamp duty and applicable fees and charges in Hong Kong.

The Underwriting Agreement

Date : 24 February 2016

Underwriter : Convoy Securities Limited.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Underwriter is not connected persons (as defined under the GEM Listing Rules) of the Company.

Number of the Rights Shares : 17,939,509,650 Rights Shares
to be underwritten by the
Underwriter

Underwriting commission : 3.0% of the aggregated Subscription Price in respect of the
New Shares for which the Underwriter has underwritten.

After taking into account the Rights Shares agreed to be taken up by China Wah Yan and Ritz Management (as described below) and the number of Rights Shares agreed to be underwritten by the Underwriter, the Rights Issue is fully underwritten.

The commission rate was determined between the Company and the Underwriter by reference to the market rate. The Company has considered that the terms of the Underwriting Agreement (including the underwriting commission rate) are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Shareholders Undertaking

As at the date of the Underwriting Agreement, Ritz Management and China Wah Yan held 120,000,000 and 768,698,967 Existing Shares, respectively (representing 4.57% and 29.30% of the number of issued Existing Shares, respectively). Each of Ritz Management and China Wah Yan has irrevocably undertaken to the Company and the Underwriter that (i) all New Shares beneficially owned by them will remain registered in their respective names from the date of the Underwriting Agreement and up to the Record Date; and (ii) Ritz Management and China Wah Yan will respectively subscribe for or procure the subscription of 1,200,000,000 Rights Shares and 7,100,000,000 Rights Shares that will be provisionally allotted to them as the holder of such New Shares under the Rights Issue.

Termination of the Underwriting Agreement

If, prior to the Latest Time for Termination:

- (i) in the reasonable opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
 - (a) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue after the signing of the Underwriting Agreement;
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing after the signing of the Underwriting Agreement), of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position of the Group as a whole;
 - (c) any material and adverse change after the signing of the Underwriting Agreement in the business or in the financial and trading position of the Group as a whole;

- (d) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out occurred after the signing of the Underwriting Agreement which would, in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position of the Group as a whole;
 - (e) the commencement by any third party of any litigation or claim against any member of the Group after the signing of this Agreement which, in the reasonable opinion of the Underwriter, is or might be material to the Group taken as a whole;
- (ii) there is any adverse change in market conditions (including without limitation, a change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction of trading in securities, imposition of economic sanctions, on Hong Kong) occurs which in the reasonable opinion of the Underwriter makes it inexpedient or inadvisable to proceed with the Rights Issue; or
 - (iii) the Prospectus when published contains information (either as to the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date hereof been publicly announced or published by the Company and which may in the reasonable opinion of the Underwriter is material to the Group as a whole and is likely to affect materially and adversely the success of the Rights Issue or might cause a prudent investor not to apply for its provisional allotment of Rights Shares under the Rights Issue.

The Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

The Underwriter shall be entitled by notice in writing and served to the Company to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (i) any breach of or omits to any of the warranties or undertakings under the Underwriting Agreement comes to the knowledge of the Underwriter; or
- (ii) any events, which would render the warranties contained under the Underwriting Agreement untrue or incorrect in any material respect, comes to the knowledge of the Underwriter.

Upon the giving of notice of termination as referred to the above prior to the Latest Time for Termination, the obligations of all parties under the Underwriting Agreement (save and except for, among others, the fees and expenses payable by the Company) shall terminate forthwith and no party shall have any claim against any other party for costs, damages, compensation or otherwise, save for any antecedent breaches. If such notice of termination were served by the Underwriter, the Rights Issue will not proceed accordingly.

Conditions of the Rights Issue

The Rights Issue is conditional upon the following conditions being fulfilled:

- (i) the passing of the ordinary resolution(s) on a vote taken by way of poll at the SGM to approve the Rights Issue by the independent Shareholders;
- (ii) the Capital Reduction having become effective;
- (iii) the filing and registration of the Prospectus Documents (together with any other documents required by the applicable laws or regulations) with the Registrar of Companies in Hong Kong by no later than the posting date of the Prospectus;
- (iv) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus to the Non-Qualifying Shareholders on the posting date of the Prospectus;
- (v) the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked, the listing of and permission to deal in, all the Rights Shares (in their nil-paid and fully-paid forms) by no later than posting date of the Prospectus and such listing and permission not being revoked prior to the Latest Time for Termination;
- (vi) compliance by the Company with all of its undertakings and obligations of the Company under the Underwriting Agreement;
- (vii) compliance with and performance of all undertakings and obligations of China Wah Yan and Ritz Management as contained in the undertakings provided by them as described in the paragraph “Shareholders Undertaking” in this announcement;
- (viii) the resumption of trading in Shares on the Stock Exchange; and
- (ix) the obligation of the Underwriter under the Underwriting Agreement becoming unconditional and the Underwriting Agreement not being terminated by the Underwriter pursuant to its terms on or before the Latest Time for Termination.

No parties to the Underwriting Agreement are capable to waive any of the above conditions. If any of the conditions of the Rights Issue is not satisfied in whole or in part by the Latest Time for Termination or such later date as the Company and the Underwriter may agree, the Underwriting Agreement shall terminate and no party will have any claim against any other party for cost, damages, compensation or otherwise, save in respect of any right or liability accrued before such termination.

Underwriting arrangement under the Rights Issue

Pursuant to the Underwriting Agreement, the Underwriter shall not subscribe, for its own account, for such number of Rights Shares not being taken up by the Qualifying Shareholders which will result in the shareholding of it and parties acting in concert (within the meaning of the Takeovers Code) with it in the Company reaching 20% of the voting rights of the Company upon the completion of the Rights Issue. The Underwriter shall also use all reasonable endeavours to ensure that each of the subscribers or purchasers of the untaken Rights Shares procured by it (i) shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with the Company, any of the directors, chief executive or substantial shareholders of the Company or their respective associates (as defined in the Listing Rules); and (ii) save for the Underwriter itself and its associates, shall not, together with any party acting in concert (within the meaning of the Takeovers Code) with it, hold 10% or more of the voting rights of the Company upon completion of the Rights Issue.

Change in the shareholding structure

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the Capital Reduction and the Rights Issue (assuming nil application by the Shareholders) and (iii) immediately after the Capital Reduction and the Rights Issue (assuming full application by the Shareholders):

	Notes	As at the date of this announcement		Immediately after the Capital Reduction and the Rights Issue (assuming nil application by the Shareholders)		Immediately after the Capital Reduction and the Rights Issue (assuming full application by the Shareholders)	
		No. of Shares	%	No. of Shares	%	No. of Shares	%
China Wah Yan Healthcare Limited		768,698,967	29.30%	7,868,698,967	27.26%	7,868,698,967	27.26%
Ritz Management	1	120,000,000	4.57%	1,320,000,000	4.57%	1,320,000,000	4.57%
		888,698,967	33.87%	9,188,698,967	31.83%	9,188,698,967	31.83%
Public Shareholders		1,735,251,998	66.13%	1,735,251,998	6.01%	19,087,771,978	66.13%
Underwriter	2	—	—	17,939,509,650	62.16%	586,989,670	2.04%
Total		<u>2,623,950,965</u>	<u>100.00%</u>	<u>28,863,460,615</u>	<u>100.00%</u>	<u>28,863,460,615</u>	<u>100.00%</u>

Note 1: the entire issued capital of Ritz Management is wholly owned by Ms. Yu, the executive Director

Note 2: the Underwriting Agreement shall contain terms restricting the shareholding of the Underwriter in the Company such that the Underwriter shall not subscribe, on its own account, for such number of untaken Rights Shares which will result in the shareholding of it and the parties acting in concert

with it (within the meaning of the Takeovers Code) in the Company to reaching 20% of the voting right of the Company upon completion of the Rights Issue (including but not limited to entering into of sub-underwriting agreements on or before 4 March 2016). The Underwriter shall also use all reasonable endeavours to ensure that each of the subscribers of the untaken Rights Shares procured by it (i) shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with the Company, any of the directors, chief executive or substantial shareholder of the Company or their respective associates (as defined in the GEM Listing Rules); and (ii) save for the Underwriter itself and its associates, shall not, together with any party acting in concert (within the meaning of the Takeovers Code) with it, hold 10% or more of the voting rights of the Company upon completion of the Rights Issue so as to maintain the public float of the Shares as required under the GEM Listing Rules at all times in the event that not all Shareholders participate in the Rights Issue.

Reasons for and the use of proceeds from the Rights Issue

The Group is principally engaged in (i) forestry and agricultural business in the Kingdom of Cambodia (“Cambodia”) which comprises the logging of existing trees from and subsequent plantation of rubber trees or other plants on the three forests (the “Three Forests”) which the Group has been granted the exploitation concession right and the subsequent sale of wood products; and (ii) resources and logistics business.

The gross proceeds of the Rights Issue will amount to HK\$262.4 million. The estimated net proceeds of the Rights Issue (after the deduction of, among other things, underwriting commission) will amount to HK\$252 million. The Company intends to apply the net proceeds from the Rights Issue as the general working capital of the Group for the development of the Group’s principal businesses, the potential investment opportunities of the Group and repayment of the outstanding loans repayable.

During late 2015, the Group entered into agreements with investors and business partners, who have the relevant connections and experience in the timber and plantation businesses in the Asia region, for purpose of revitalizing its business development in Cambodia. However, as disclosed in the Company’s announcement dated 4 December 2015, the Group only had cash balance of HK\$2.4 million as at 30 June 2015. As such, additional working capital is required for the Group to accelerate the development pace of its timber logging business and the rubber plantation plan (particularly, the rubber plantation business of the Group is of capital intensive nature and requires significant initial capital outlay for, among other things, the setting up of the forest land and the establishment of the necessary plant and equipment for the nursery of the rubber seedlings). Notwithstanding the above, the outstanding liabilities of the Group amounted to over HK\$140 million as at 31 December 2015. Given that the Rights Issue will (i) improve the capital structure of the Company and provide the necessary funding for the Group’s development of its business; and (ii) provide the Qualifying Shareholders with the opportunity to maintain their respective pro-rata shareholding interest in the Company and enjoy the potential growth prospects of the Group, the Directors consider that the Rights Issue is in the interest of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any fund raising activities in the past 12 months immediately preceding the date of this announcement.

EXPECTED TIMETABLE

The expected timetable for the Capital Reorganisation and the Rights Issue is set out below:

2016

(Hong Kong time)

Despatch of the Company's circular in respect of
the Capital Reorganisation and the Rights Issue Tuesday, 15 March 2016

SGM 3:00 p.m. on Thursday, 31 March 2016

Announcement of results of the SGM to be published
on the website of the Stock Exchange Thursday, 31 March 2016

The following events are conditional on the fulfillment of the conditions for the implementation of the Capital Reorganisation.

Effective time and date of the Capital Reorganisation and
dealing of New Shares Friday, 1 April 2016

First day of free exchange of existing certificates for
Existing Shares into new certificates for New Shares Friday, 1 April 2016

Last day of dealing in New Shares on cum-rights basis Friday, 1 April 2016

First day of dealing in New Shares on ex-rights basis Tuesday, 5 April 2016

Latest time for Shareholders to lodge transfer of
New Shares to be qualify for the Rights Issue. 4:30 p.m. on Wednesday, 6 April 2016

Closure of register of members of the Company to
determine the entitlements to the Rights Issue
(both dates inclusive) Thursday, 7 April 2016 to
Wednesday, 13 April 2016

Record Date for the Rights Issue Wednesday, 13 April 2016

Register of members of the Company re-opens	Thursday, 14 April 2016
Despatch of Prospectus Documents (in the case of Non-Qualifying Shareholders, the Prospectus Only).	Friday, 15 April 2016
First day of dealing in nil-paid Rights Shares	9:00 a.m. on Tuesday, 19 April 2016
Last day for splitting nil-paid Rights Shares	4:30 p.m. on Tuesday, 26 April 2016
Last day of dealing in nil-paid Rights Shares	4:00 p.m. on Friday, 29 April 2016
Latest Time for Acceptance.	4:00 p.m. on Thursday, 5 May 2016
Latest Time for Termination	4:00 p.m. on Wednesday, 11 May 2016
Announcement of results of the Rights Issue.	Thursday, 12 May 2016
Despatch of certificates for the fully-paid Rights Shares (in the form of new share certificates) on or before	Friday, 13 May 2016
If the Rights Issue is terminated, refund cheques to be despatched on or before	Friday, 13 May 2016
Commencement of dealing in fully-paid Rights Shares	9:00 a.m. on Monday, 16 May 2016
Last day of free exchange of existing certificates for new certificates of New Shares	Wednesday, 18 May 2016

All times and dates specified in this announcement refer to Hong Kong local times and dates. Dates stated in this announcement for event mentioned in the timetable are indicative only and may be extended or varied. Any changes to the expected timetable for the Rights Issue will be announced as and when appropriate in accordance with the GEM Listing Rules.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND RIGHT SHARES IN NIL-PAID FORM

The Rights Issue is subject to the satisfaction of a number of conditions as described in the section headed “Conditions of the Rights Issue”, particularly the Capital Reduction becoming effective, the approval of the Rights Issue at the SGM and the Underwriting Agreement having become unconditional and not having been terminated or rescinded. Accordingly, the Rights Issue may or may not proceed. If the Rights Issue does not proceed, a further announcement will be made by the Company.

The issuance of this announcement does not mean that listing of the Rights Shares will be approved by the Stock Exchange.

Shareholders and potential investors of the Company contemplating selling or purchasing the Shares and/or nil-paid Rights Shares up to the date when the conditions of the Rights Issue are fulfilled will bear the risk that the Rights Issue may not become unconditional and may not proceed and they are recommended to consult their own professional advisers in dealing in the securities of the Company.

IMPLICATIONS UNDER THE GEM LISTING RULES

The Capital Reorganisation is subject to, among other things, the passing of the relevant resolution(s) by the Shareholders approving the same at the SGM.

As the Rights Issue will increase the issued share capital and the market capitalisation of the Company by more than 50%, according to Chapter 10 of the GEM Listing Rules, the Rights Issue is subject to the approval by the Shareholders at the SGM by resolution(s) on which any controlling Shareholders and their associates, or where there are no controlling Shareholders, the directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Rights Issue.

As at the date of this announcement, the Company has no controlling Shareholder and Ms. Yu, the executive Director, through Ritz Management, holds 120,000,000 Existing Shares (representing approximately 4.57% of the number of issued Existing Shares as at the date of this announcement). Accordingly, Ritz Management will abstain from voting in favour of the resolution(s) relating to the Rights Issue. Save as the aforesaid, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Director or any of his/her associates holds any Existing Shares as at the date of this announcement.

THE SGM

The SGM will be convened and held for (i) the Shareholders to consider and, if though fit, approve the Capital Reorganisation by way of a poll; and (ii) the independent Shareholders to consider and, if thought fit, approve the Rights Issue by way of a poll.

As no Shareholders have a material interest in the Capital Reorganisation, no Shareholders are required to abstain from voting in the SGM approving the resolution relating to the Capital Reorganisation. As mentioned above, Ritz Management shall abstain from voting in favour of the resolution(s) regarding the Rights Issue.

GENERAL

An independent board committee of the Company comprising the independent non-executive Directors will be established to advise the independent Shareholders as to (i) whether the terms of the Rights Issue are fair and reasonable and in the interest of the Shareholders as a whole; and (ii)

how to vote on the resolution(s) relating to the Rights Issue. In this connection, an independent financial adviser will be appointed by the Company to advise the independent board committee and the independent shareholders of the Company in these regards.

A circular containing, among other things, (i) details regarding the Capital Reorganisation and the Rights Issue; (ii) the letter of recommendation from the independent board committee of the Company in respect of the Rights Issue; (iii) the letter of advice from the independent financial adviser to the independent board committee and the independent shareholder of the Company in respect of the Rights Issue; (iv) the notice convening the SGM relating to the Capital Reorganisation and the Rights Issue and the corresponding proxy form; and (v) other disclosure requirements under the GEM Listing Rules, will be despatched to the Shareholders as soon as practicable.

SUSPENSION OF TRADING

Trading in the Existing Shares will remain suspended until further notice.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings, unless the context requires otherwise:

“Capital Reduction”	the reduction of the issued share capital of the Company by cancelling the paid-up capital of the Company to the extent of HK\$0.049 on each Existing Shares such that the nominal value of each issued Existing Shares will be reduced to HK\$0.001
“Capital Reorganisation”	the proposed reorganisation of the share capital of the Company involving the Capital Reduction, the Reduction of Share Premium and the Elimination of Accumulated Losses
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“China Wah Yan”	China Wah Yan Healthcare Limited, a company incorporated in Hong Kong with limited liability and a substantial Shareholder (as defined under the GEM Listing Rules), and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 648)
“Company”	IR Resources Limited, a company incorporated in Bermuda with limited liability with its issued shares listed on The Growth Enterprise Market of the Stock Exchange

“Companies Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong or the Companies Ordinance, Chapter 622 of the Laws of Hong Kong, as the case may be
“Company Registrar”	Computershare Hong Kong Investor Services Ltd., at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“Directors”	the directors of the Company
“Elimination of Accumulated Losses”	the application of the credit amount in the contributed surplus account of the Company following the Capital Reduction and the Reduction of Share Premium to set off against the accumulated losses of the Company
“Existing Share(s)”	the existing ordinary share(s) of HK\$0.05 each in the share capital of the Company prior to the Capital Reorganisation becoming effective
“GEM Listing Rules”	The Rules Governing the Listing of Securities on The Growth Enterprise Market of the Stock Exchange
“Group”	the Company and its subsidiaries
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Last Trading Day”	1 April 2013, being the last trading day prior to the suspension of trading in the Existing Shares
“Latest Time for Acceptance”	4:00 p.m. on Thursday, 5 May 2016, or such other date and time as may be agreed between the Company and the Underwriter, being the latest date for acceptance of, and payment for, the Rights Shares as described in the Prospectus
“Latest Time for Termination”	4:00 p.m. on the Wednesday, 11 May 2016, or such later time or date as may be agreed between the Company and the Underwriter, being the latest time to terminate the Underwriting Agreement
“Ms. Yu”	Ms. Yu Xiao Min, an executive Director
“New Share(s)”	the ordinary share(s) of HK\$0.001 each in the share capital of the Company upon the Capital Reorganisation becoming effective

“Non-Qualifying Shareholder(s)”	Overseas Shareholder(s) in respect of whom the Directors, based on legal opinions provided by legal advisers, regarding the legal restrictions under the laws of the relevant places and the requirements of the relevant overseas regulatory bodies or stock exchange, consider it necessary or expedient not to offer the Rights Shares under the Rights Issue to such Overseas Shareholder(s)
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company at the close of business on the Record Date and whose address(es) as shown on such register is/are in a place(s) outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be used in connection with the Rights Issue
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, Taiwan and the Macau Special Administrative Region of the People’s Republic of China
“Prospectus”	the prospectus to be issued by the Company in relation to the Rights Issue
“Prospectus Documents”	the Prospectus and the PAL
“Qualifying Shareholder(s)”	Shareholder(s), other than the Non-Qualifying Shareholders, whose name(s) appear on the register of members of the Company at the close of business on the Record Date
“Record Date”	Wednesday, 13 April 2016 or such other day as may be agreed between the Underwriter and the Company, being the date for determining the entitlements to the Rights Issue
“Reduction of Share Premium”	the proposed reduction of the entire amount standing to the credit of the share premium account of the Company as at the effective date of the Capital Reduction
“Rights Share(s)”	the 26,239,509,650 New Shares proposed to be offered to the Qualifying Shareholders for subscription under the Rights Issue on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents

“Rights Issue”	the proposed offer for subscription by the Qualifying Shareholders for the Rights Shares on the basis of ten (10) Rights Shares for every one (1) New Shares held on the Record at the Subscription Price on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents
“Ritz Management”	Ritz Management Limited, a company incorporated in Samoa with limited liability and the entire issued share capital is wholly owned by Ms. Yu
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened and held for its shareholders to consider, and if thought fit, approve the Capital Reorganisation and the Rights Issue
“Share(s)”	the Existing Shares or the New Shares (as the context may be)
“Shareholder(s)”	holder(s) of issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.01 per Rights Share
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Underwriter”	Convoy Securities Limited, a corporation licensed to carry out Type 1 (dealing in securities) regulated activity under The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Underwriting Agreement”	the underwriting agreement dated 24 February 2016 entered into between the Company and the Underwriter in relation to the underwriting and certain other arrangements in respect of the Rights Issue
“%”	percentage
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong

By Order of the Board of Directors of
IR Resources Limited
Yu Xiao Min
Chairperson

Hong Kong, 24 February 2016

As at the date of this announcement, the board of directors of the Company comprises three executive directors, namely, Ms. Yu Xiao Min, Ms. Xu Miao Xia and Mr. Zeng Lingchen; and three independent non-executive directors, namely Ms. Pang King Sze, Rufina, Mr. Hong Bingxian and Mr. Kenneth Hung.

This announcement, 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 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 after the date of the publication and will be published on the website of the Company at <http://www.irresources.com.hk>.