



IR RESOURCES LIMITED

同仁資源有限公司

(Incorporated in the Bermuda with limited liability)

(Stock Code: 8186)

2016 FIRST QUARTERLY RESULTS

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM is positioned as a market designed to accommodate companies to which a higher investment risk may be attached other than 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and sophisticated investors.

Given the emerging nature of companies listed on GEM, 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 there is no assurance that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement, for which the board (the “Board”) of directors (the “Directors”) of IR Resources Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM (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: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading.

The Board hereby announces the unaudited condensed consolidated results of the Group for the three months ended 31 March 2016 (the “Reporting Period”) (the “Results”), together with the unaudited comparative figures for the corresponding period in 2015, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the three months ended 31 March	
	<i>Notes</i>	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
CONTINUING OPERATIONS			
Revenue	3	15,148	—
Cost of sales		<u>(11,610)</u>	<u>—</u>
Gross profit		3,538	—
Other income and gains		1,522	583
Administrative expenses		(15,768)	(3,649)
Finance costs	4	<u>(8,346)</u>	<u>(6,403)</u>
Loss before tax		(19,054)	(9,469)
Income tax expenses	5	<u>(584)</u>	<u>—</u>
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		(19,638)	(9,469)
DISCONTINUED OPERATION			
Share of loss of associates		<u>—</u>	<u>(1)</u>
LOSS FOR THE PERIOD		<u>(19,638)</u>	<u>(9,470)</u>
Loss attributable to:			
Equity holders of the Company		(19,638)	(9,470)
Non-controlling interests		<u>—</u>	<u>—</u>
		<u>(19,638)</u>	<u>(9,470)</u>
Basic loss per Share (HK cents)			
For loss for the period	6	(0.75)	(0.36)
For loss from continuing operations		<u>(0.75)</u>	<u>(0.36)</u>
Diluted loss per Share (HK cents)			
For loss for the period	6	(0.75)	(0.36)
For loss from continuing operations		<u>(0.75)</u>	<u>(0.36)</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the three months ended 31 March	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
LOSS FOR THE PERIOD	<u>(19,638)</u>	<u>(9,470)</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	—	233
<i>Less:</i> Income tax effect	<u>—</u>	<u>—</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	<u>—</u>	<u>233</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u><u>(19,638)</u></u>	<u><u>(9,237)</u></u>
Attributable to:		
Equity holders of the Company	(19,638)	(9,237)
Non-controlling interests	<u>—</u>	<u>—</u>
	<u><u>(19,638)</u></u>	<u><u>(9,237)</u></u>

1. CORPORATE AND GROUP INFORMATION

IR Resources Limited (the “Company”) is a limited liability company incorporated in Bermuda. The registered office of the Company is located at Canon’s Court, 22 Victoria Street, Hamilton HM12, Bermuda and its principal place of business in Hong Kong is situated at 36/F., Times Tower, 391-407 Jaffe Road, Wanchai, Hong Kong.

The shares of the Company are listed on the GEM.

2. BASIS OF PREPARATION

The Results have been prepared in accordance with Hong Kong Financial Reporting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the applicable disclosure requirements of the GEM Listing Rules.

The Results have also been prepared under the historical cost basis, except for the biological assets, which are stated at fair value. The principal accounting policies used in the preparation of the Results are consistent with those applied in the Company’s annual report for the year ended 31 December 2015, except for the adoption of new and revised HKFRSs that affect the Group and has adopted the first time for the current period’s unaudited condensed consolidated financial information.

3. REVENUE

Revenue recognised during the period is analysed as follows:

	For the three months ended 31 March	
	2016	2015
	HK\$’000	HK\$’000
	(Unaudited)	(Unaudited)
Sales of wood and agricultural produce	15,148	—

4. FINANCE COSTS

	For the three months ended 31 March	
	2016	2015
	HK\$’000	HK\$’000
	(Unaudited)	(Unaudited)
Interest on loans from a third party	8,319	6,403
Interest on loan from a financial institution	27	—
	8,346	6,403

5. INCOME TAX EXPENSES

(a) Hong Kong Profits Tax

Hong Kong Profits Tax is calculated at the rate of 16.5% on the estimated profits arising in Hong Kong during the Reporting Period (2015: Nil).

(b) PRC Corporate Income Tax

Under the Corporate Income Tax Law of the People's Republic of China (the "PRC"), the corporate income tax is calculated at a rate of 25%.

(c) Cambodia Corporate Income Tax

Under the Law on Taxation of the Kingdom of Cambodia ("Cambodia"), the corporate income tax is calculated at a rate of 20%.

(d) Deferred taxation

No provision for deferred taxation is deemed necessary as the Group does not have any material deductible or taxable temporary differences for the Reporting Period (2015: Nil).

6. LOSS PER SHARE

The calculation of basic and diluted loss per Share is based on the unaudited loss attributable to equity holders of the Company, being HK\$19.6 million (2015: HK\$9.5 million) divided by the weighted average number of 2,623,950,965 (2015: 2,623,950,965) ordinary Shares in issue during the three months ended 31 March 2016 and 2015.

Diluted loss per Share equals to basic loss per Share as there were no potential dilutive ordinary shares outstanding during the three months ended 31 March 2016 and 2015.

7. DIVIDENDS

The Board does not recommend the payment of any dividend for the Reporting Period (2015: Nil).

8. RESERVES

	Attributable to equity holders of the Company						Total equity HK\$'000
	Share premium HK\$'000	Contributed surplus HK\$'000	Exchange reserve HK\$'000	Acc- umulated losses HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	
At 1 January 2015 (audited)	972,987	5,265	(559)	(894,957)	82,736	(3)	82,733
Loss for the period	—	—	—	(9,470)	(9,470)	—	(9,470)
Other comprehensive income for the period:							
Exchange differences on translation of foreign operations	—	—	233	—	233	—	233
Total comprehensive income for the period	—	—	233	(9,470)	(9,237)	—	(9,237)
At 31 March 2015 (unaudited)	<u>972,987</u>	<u>5,265</u>	<u>(326)</u>	<u>(904,427)</u>	<u>73,499</u>	<u>(3)</u>	<u>73,496</u>
At 1 January 2016 (audited)	972,987	5,265	(562)	(930,040)	47,650	—	47,650
Loss for the period	—	—	—	(19,638)	(19,638)	—	(19,638)
Other comprehensive income for the period:							
Exchange differences on translation of Foreign operations	—	—	—	—	—	—	—
Total comprehensive income for the period	—	—	—	(19,638)	(19,638)	—	(19,638)
At 31 March 2016 (unaudited)	<u>972,987</u>	<u>5,265</u>	<u>(562)</u>	<u>(949,678)</u>	<u>28,012</u>	<u>—</u>	<u>28,012</u>

MANAGEMENT DISCUSSION AND ANALYSIS REVIEW

The Group is principally engaged in (i) forestry and agricultural business (sale of wood and agricultural produce) and (ii) resources and logistics business.

Financial Review

Revenue

Revenue of the Group for the Reporting Period amounted to HK\$15.1 million (2015: Nil) and was mainly derived from the sale of wood and agricultural produce.

Loss for the period

The consolidated loss attributable to the equity holders of the Company for the Reporting Period amounted to HK\$19.6 million (2015: HK\$9.5 million). The increase in loss for the Reporting Period was mainly attributable to (i) the increase in staff cost incurred after re-activation of Group's forestry and agricultural business and from efforts in re-activating its resources and logistics business; (ii) the finance costs arising from the interest on certain loans of the Group; and (iii) the increase in salaries and bonus payments to management and staff.

Basic and diluted loss per share attributable to equity holders of the Company was HK0.75 cents (2015: HK0.36 cents).

Events after the Reporting Period

Subsequent to the Reporting Period, the Group had the following material events:

On 8 April 2016, the Company entered into a framework agreement (the "Framework Agreement") with an independent third party (the "Solar Power Operator") in relation to its proposed strategic cooperation with the Solar Power Operator for the expansion of the Group's resources and logistics business segment to cover the green resource business. Details of the Framework Agreement were disclosed in the Company's announcement dated 8 April 2016.

In February 2016, the Company announced that it proposed a capital reorganisation (the "Capital Reorganisation") (involving capital reduction, the reduction of share premium and elimination of accumulated losses) and entered into an underwriting agreement with an underwriter to raise approximately HK\$262 million (before expenses) by way of a rights issue (the "Rights Issue") for the purposes of general working capital and debt repayment, which are subject to the resolutions passed at the special general meeting ("SGM"). Following the resolutions passed at the SGM held on 20 April 2016, the Capital Reorganisation and Rights Issue have been approved at the SGM. The Capital Reorganisation has become effective on 21 April 2016 and the Rights issue will be implemented in accordance with the timetable as set out in the prospectus dated 5 May 2016.

Resumption of Trading in the Shares

Trading in the Shares has been resumed on 26 February 2016.

Recent Development and Prospects

Looking forward, the Group will (i) continue to implement strategies to strengthen its forestry and agricultural business; (ii) re-activate and expand its resources and logistics business; (iii) keep abreast appropriate investment/business opportunities which can leverage on the Group's management resources and expertise and broaden the Group's income sources. The Group will also seize debt/equity fund raising opportunities to enhance the financial condition of the Group for continuous development.

Risks

The Group mainly operates in Hong Kong, Cambodia and the PRC and is exposed to foreign exchange risk. The Group does not have a foreign currency hedging policy but it continuously monitors its foreign exchange exposure and will apply appropriate measures if necessary. The Group's business is also subject to a number of risks including the weather conditions, natural hazards, illegal logging and price movement of wood and agricultural produce.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

During the Reporting Period, the Company has complied with the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules, except for the office of the chief executive officer of the Company being vacated. The Board will keep reviewing the current structure of the Board from time to time and should candidate with suitable knowledge, skill and experience be identified, the Company will make appointment to fill the post as appropriate.

AUDIT COMMITTEE

The audit committee of the Board (the “Audit Committee”), as at the date of this announcement, comprises three members, all being independent non-executive Directors. The chairperson of the Audit Committee is Ms. Pang King Sze, Rufina and the other members are Mr. Hong Bingxian and Mr. Hung Kenneth. The Audit Committee’s primary duties include ensuring the Group’s financial statements, annual and interim reports, and the independent auditor’s report present a true and balanced assessment of the Group’s financial position; reviewing the Group’s financial controls, internal controls and risk management systems; and reviewing the Group’s financial and accounting policies and practices. The Audit Committee is provided with sufficient resources to enable it to discharge its duties.

The Audit Committee has reviewed the Company’s quarterly results for the Reporting Period.

By Order of the Board of
IR RESOURCES LIMITED
Yu Xiao Min
Chairperson

Hong Kong, 12 May 2016

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