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IR Resources Limited
同仁資源有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 8186)

**PLACING OF NEW SHARES
UNDER GENERAL MANDATE**

Placing Agent

Nuada Limited

Corporate Finance Advisory

THE PLACING AGREEMENT

On 11 July 2016 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a best effort basis, up to 577,260,000 new Shares to not less than six Placées at the Placing Price of HK\$0.038 per Placing Share. The Placing Shares will be allotted and issued pursuant to the General Mandate. The net proceed from the Placing is estimated to be approximately HK\$21 million and is intended to be used for general working capital of the Group.

Assuming that there will be no change in the number of issued Shares between the date of this announcement and the completion of the Placing, the maximum number of 577,260,000 Placing Shares represent (i) approximately 20% of the issued Shares as at the date of this announcement; and (ii) approximately 16.7% of the issued Shares as enlarged by the allotment and issue of the Placing Shares. The Placing is conditional upon the Stock Exchange having granted the listing of, and the permission to deal in the Placing Shares.

Shareholders and potential investors should note that the Placing is subject to the fulfillment of the condition(s) as set out in the Placing Agreement. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

PLACING OF NEW SHARES

The Company is pleased to announce that on 11 July 2016 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement for the Placing, the principal terms of which are summarised below.

THE PLACING AGREEMENT

Date:

11 July 2016 (after trading hours)

Parties:

- (i) The Company as the issuer; and
- (ii) The Placing Agent as the placing agent.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are not connected persons (as defined under the GEM Listing Rules) of the Company.

The Placing Shares

The Placing Agent has conditionally agreed to place, on a best effort basis, the maximum number of 577,260,000 Placing Shares to not less than six Placees. The Placing Agent has undertaken to the Company that the Placees and their ultimate beneficial owners shall be third parties independent of the Company and its subsidiaries and not connected with any of the connected persons of the Company or any of their respective associates. It is expected that no Placees will become a substantial shareholder (as defined in the GEM Listing Rules) of the Company as a result of the Placing.

Assuming that there will be no change in the number of issued Shares between the date of this announcement and the completion of the Placing, the maximum number of 577,260,000 Placing Shares represents (i) approximately 20% of the existing number of issued Shares; and (ii) approximately 16.7% of the number of issued Shares as enlarged by the allotment and issue of the Placing Shares. Based on the closing price of the Shares of HK\$0.043 per Share as at the date of the Placing Agreement, the Placing Shares have a market value approximately of HK\$24.8 million.

The Placing 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 Placing Shares.

The Placing Price

The Placing Price of HK\$0.038 per Placing Share was determined after arm's length negotiation between the Company and the Placing Agent with reference to the prevailing market prices of the Shares and represents:

- (i) a discount of approximately 11.6% to the closing price of HK\$0.043 per Share as quoted on the Stock Exchange on 11 July 2016, being the date of the Placing Agreement; and
- (ii) a discount of approximately 18.1% to the average closing price of HK\$0.0464 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to the date of the Placing Agreement.

Assuming that all the 577,260,000 Placing Shares are placed in full under the Placing, the gross proceed and the estimated net proceed from the Placing will amount to approximately HK\$21.9 million and approximately HK\$21 million, respectively. The net price per Placing Share is therefore estimated to be approximately HK\$0.0364.

Conditions of the Placing

Completion of the Placing is conditional upon (i) the Stock Exchange granting or agreeing to grant the listing of, and the permission to deal in the Placing Shares; and (ii) the Placing Agreement not being terminated in accordance with the terms hereof.

Completion of the Placing, in any event, will take place on or before the third business days after the fulfilment of the conditions as set out above (the "Completion Date") but not later than 29 July 2016 or such later date to be agreed between the Company and the Placing Agent (the "Long Stop Date"). If the above conditions are not satisfied and/or waived (other than condition (i) above, which cannot be waived) in whole or in part by the Placing Agent prior to 8:00 a.m. on the Long Stop Date, the Placing will be terminated and the Placing will not proceed and all obligations and liabilities of the parties hereunder will forthwith cease and determine and no party will have any claim against the others (save for any antecedent breaches hereof).

Termination

The Placing Agent may, in its reasonable opinion, after consultation with the Company, terminate the Placing Agreement by notice in writing to the Company at any time up to 8:00 a.m. on the Completion Date if:

- (a) there is any change in national, international, financial, exchange control, political, economic conditions in Hong Kong which in the reasonable opinion of the Placing Agent would be materially adverse in the consummation of the Placing; or

- (b) there is any breach of the warranties, representations and undertakings given by the Company under the Placing Agreement and such breach is considered by the Placing Agent on reasonable grounds to be material in the context of the Placing; or
- (c) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed.

The Company may, in its reasonable opinion, after consultation with the Placing Agent, terminate this Agreement by notice in writing to the Placing Agent at any time up to 8:00 a.m. on the Completion Date if there is a breach of the warranties, representations and undertakings given by the Placing Agent in the Placing Agreement and such breach is considered by the Company on reasonable grounds to be material.

Upon termination of the Placing Agreement, all liabilities of the parties thereto shall cease and determine and no party thereto shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Placing Agreement, save in respect of any antecedent breach of any obligation under the Placing Agreement. The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

Placing Commission

The Company shall pay to the Placing Agent a commission equal to 3% of the aggregate principal amount of Placing Price multiplied by the actual number of the Placing Shares being placed. The commission rate was arrived at after arm's length negotiations between the Company and the Placing Agent with reference to the market rate.

Listing Application

An application will be made by the Company to the Stock Exchange for the granting of the listing of, and the permission to deal in the Placing Shares.

The General Mandate

Under the General Mandate, the Directors are authorised to allot and issue up to 577,269,212 new Shares. As at the date of this announcement, no Shares have been issued pursuant to the General Mandate. Since all the Placing Shares will be issued under the General Mandate, the Placing is not subject to approval of the Shareholders.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the table of the shareholding structure of the Company before and after completion of the Placing:

	As at the date of this announcement		Immediately after the issue of new Shares under the General Mandate	
	No. of Shares	%	No. of Shares	%
China Wah Yan Healthcare Limited	845,568,863	29.30%	845,568,863	24.41%
Ritz Management Limited*	<u>12,000,000</u>	<u>0.42%</u>	<u>12,000,000</u>	<u>0.35%</u>
	857,568,863	29.72%	857,568,863	24.76%
Public Shareholders	2,028,777,198	70.28%	2,028,777,198	58.57%
The Placee(s)	<u>—</u>	<u>—</u>	<u>577,260,000</u>	<u>16.67%</u>
Total	<u><u>2,886,346,061</u></u>	<u><u>100.00%</u></u>	<u><u>3,463,606,061</u></u>	<u><u>100.00%</u></u>

* Ritz Management Limited is wholly owned by Ms. Yu Xiao Min, the executive Director

REASONS FOR THE PLACING AND USE OF PROCEEDS

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

As disclosed in the first quarterly report of the Group for the three months ended 31 March 2016, 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; and (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. In this connection, the management of the Group has, from time to time, seize fund raising opportunities with a view to obtaining funding to implement the Group's business plan. Given the adverse impact of Britain's exit from the European Union on the global financial market and the continuous downward correction trend of the PRC and Hong Kong economy, the Company considers the Placing to be a good fund raising opportunity available to the Group to enhance its financial position under such volatile market situation and the net proceeds from the Placing will be applied for general working capital purpose. Given the above, the Directors are of the view that the terms of the Placing Agreement (including the Placing Price and the commission rate) are of normal commercial terms and are fair and reasonable and the Placing is in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company has conducted the following equity fund raising exercises in the past twelve months immediately preceding the date of this announcement.

Date of prospectus	Event	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds
5 May 2016	Rights issue	HK\$256 million	(i) HK\$170 million for repayment of loans and payables	Approximately HK\$153 million used as intended and the remaining balance to be used as intended
			(ii) HK\$50 million as general working capital	To be utilised as intended
			(iii) HK\$36 million for potential investment opportunities	To be utilised as intended

Shareholders and potential investors should note that the Placing is subject to the fulfillment of the condition(s) as set out in the Placing Agreement. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings ascribed to them respectively:

“Company”	IR Resources Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Growth Enterprise Market of the Stock Exchange
“Director(s)”	director(s) of the Company

“General Mandate”	the general mandate granted by the Shareholders to the Directors at the special general meeting of the Company held on 10 July 2016 to allot, issue and deal with up to 577,269,212 new Shares, being 20% of the number of issued Shares as at the date of that special general meeting
“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 from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of The People’s Republic of China
“Placee(s)”	any professional, institutional or other investor(s) or person or entity who are not connected persons of the Company (as defined under the GEM Listing Rules) procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing
“Placing”	the placing of the Placing Shares pursuant to the Placing Agreement
“Placing Agent”	Nuada Limited, a licensed corporation to carry out Type 1 (dealings in securities) and Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the placing agent in respect of the Placing
“Placing Agreement”	the placing agreement dated 11 July 2016 entered into between the Company and the Placing Agent in respect of the Placing
“Placing Price”	HK\$0.038 per Placing Share
“Placing Shares”	up to 577,260,000 new Shares to be placed pursuant to the terms of the Placing Agreement
“Shareholder(s)”	holder(s) of the Shares
“Shares”	ordinary share(s) of HK\$0.01 each of the Company holder(s) of the Share(s) from time to time

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 11 July 2016

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

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 GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page for seven days from the date of its publication and on the website of the Company at <http://www.irresources.com.hk>.