

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, 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.



IR RESOURCES LIMITED

同仁資源有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 8186)

DISCLOSEABLE TRANSACTION

THE SALE AND PURCHASE AGREEMENT

The Company is pleased to announce that on 13 October 2016, the Purchaser, a wholly-owned subsidiary of the Company, and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Vendor has conditionally agreed to dispose of and the Purchaser has agreed to acquire the Sale Shares for the Consideration. The Target Group is principally engaged in the solar power generation business and following Completion, the Group's equity interest in the Target Group will be accounted for as available-for-sale financial assets of the Group.

THE GEM LISTING RULES IMPLICATION

As all of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the transaction contemplated under the Sale and Purchase Agreement are greater than 5% but less than 25%, the transaction contemplated under the Sale and Purchase Agreement will constitute a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the reporting and announcement requirements.

THE SALE AND PURCHASE AGREEMENT

Date

13 October 2016

Parties to the Share and Purchase Agreement

- (i) the Purchaser, as the purchaser; and
- (ii) the Vendor, as the vendor.

The Vendor is an investment holding company. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquires, the Vendor and its ultimate beneficial owner are third parties independent of the Company and its connected persons (as defined under the GEM Listing Rules).

Assets acquired

The Target Group is principally engaged in the investment in and operation of solar power generation business and the provision of renewable energy consultancy services in the PRC. Pursuant to the Sale and Purchase Agreement, the Vendor has agreed to dispose of and the Purchaser has agreed to acquire the Sale Shares. As at 30 June 2016, the Target Group had consolidated net asset of HK\$110.9 million and recorded (i) loss before and after taxation of HK\$20.8 million and HK\$21.1 million for the year ended 31 December 2014 respectively; and (ii) loss before and after taxation of HK\$36.6 million and HK\$36.3 million for the year ended 31 December 2015 respectively.

Consideration

The consideration (the “Consideration”) for the Sale Shares amounts to HK\$20,500,000 and is payable in cash upon Completion. The Consideration is determined after arm’s length negotiation between the Group and the Vendor with reference to the Target Group’s unaudited consolidated net asset value of HK\$110.9 million as at 30 June 2016.

Conditions precedent

Completion is subject to the following conditions precedent being fulfilled or waived (as the case may be):

- (i) the Purchaser being satisfied with the results of the due diligence review to be conducted on the Target Group;
- (ii) all necessary consents and approvals required to be obtained on part of the Vendor in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder having been obtained and not having been revoked prior to the completion of the Sale and Purchase Agreement;

- (iii) all necessary consents and approvals required to be obtained on part of the Purchaser in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder having been obtained and not having been revoked prior to the completion of the Sale and Purchase Agreement;
- (iv) the warranties in respect of the Vendor under the Sale and Purchase Agreement remaining true and accurate in all material aspects; and
- (v) the warranties in respect of the Purchaser under the Sale and Purchase Agreement remaining true and accurate in all material aspects.

The Purchaser may at its absolute discretion at any time waive in writing any of the conditions (i), (ii) and (iv) and the Vendor may at its absolute discretion at any time in writing waive any of the conditions (iii) and (v). If the above conditions have not been satisfied or waived on or before 30 November 2016 (or such later date as the Vendor and the Purchaser may agree in writing), the Sale and Purchase Agreement shall cease and terminate and save for any antecedent breach, neither party shall have any obligation and liabilities towards each other.

Completion

Completion shall take place on the third business day after the conditions precedents to the Sale and Purchase Agreement having been fulfilled (or waived), or such other date as may be agreed between the Purchaser and the Vendor. Following Completion, the Group's equity interest in the Target Group will be accounted for as available-for-sale financial assets of the Group.

REASONS FOR AND BENEFITS OF THE SHARE INVESTMENT

The Group is principally engaged in (i) the forestry and agricultural business and (ii) the resources and logistics business.

In recent years, the PRC government has initiated favourable policies which encourage the development of clean and renewable energy (e.g. solar power) to combat air pollution. In 2015, the National Energy Administration of the PRC announced the 13th National Five-Year Plan to accelerate the development of solar photovoltaic power generation capacity in the PRC to 150 giga-watts by 2020, accounting for 7% of the then total power generation capacity and 2.5% of the then total power generation of the PRC.

Most of the Target Group's photovoltaic projects in the PRC have been in operation and generating electricity at a growing rate for a number of years. During the year ended 31 December 2015, the electricity generated by the Target Group's four power grid-connected photovoltaic power stations located in Qinghai Province, Henan Province and Shandong Province (which have an aggregate power generation capacity of 41.5 megawatt) amounted to about 40,000 megawatt hours (representing an increase of 51% from 2014). The other two photovoltaic power stations of the Target Group located in Shandong Province have commenced operation since the end of 2015 and made up the

total power generation capacity of the Target Group to 57 megawatt (an increase of 37%). For the six months ended 30 June 2016, the Target Group generated electricity of 29,300 megawatt (representing an increase of over 60% when compared with the same period last year). Given the increase in its power generation capacity, the Target Group's financial performance turned from a net loss of HK\$21.1 million for the year ended 31 December 2015 to a net profit of HK\$13.4 million for the six months ended 30 June 2016. In addition, the second phase of the Target Group's photovoltaic power station in Shandong Province (which has a solar power generation capacity of 28.6 megawatt) has been successfully connected to the national power grid of the PRC since the first half of 2016 (further increasing the total power generation capacity by 200% from 41.5 megawatt during 2015 or 150% from 57 megawatt by the end of 2015). It is anticipated that this new photovoltaic project will contribute revenue to the Target Group during the second half of 2016.

As mentioned in the Company's annual report for the year ended 31 December 2015 and interim report for the six months ended 30 June 2016, it has been the intention of the Group to identify and seize business/investment opportunities to develop and expand its principal businesses including the resources business. In view of the improving financial performance of the Target Group and the favourable national policies of the PRC government towards the development of green resources including solar energy, the Group's investment in the Target Group is a natural extension under its resources business segment and represents an attractive opportunity to enable the Group to tap into the green resources market with promising prospects. The Directors consider that the terms of the Sale and Purchase Agreement (including the Consideration) are fair and reasonable and of normal commercial terms and the entering into of the Sale and Purchase Agreement is in the interest of the Company and its shareholders as a whole.

THE GEM LISTING RULES IMPLICATION

As all of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the transaction contemplated under the Sale and Purchase Agreement are greater than 5% but less than 25%, the transaction contemplated under the Sale and Purchase Agreement will constitute a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the reporting and announcement requirements.

DEFINITION

Unless the context otherwise requires, the following terms used in this announcement shall have the following meanings when used herein:

“Company”	IR Resources Limited, a company incorporated in Bermuda and the issued shares of which are listed on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited
“Completion”	completion of the Sale and Purchase Agreement

“Director(s)”	the director(s) of the Company
“GEM Listing Rules”	the Rules Governing the Listing of Securities on The Growth Enterprise Market of the Stock Exchange of Hong Kong Limited
“Group”	the Company and its subsidiaries
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong Special Administrative Region of the PRC, The Macau Special Administrative Region and Taiwan)
“Purchaser”	a wholly-owned subsidiary of the Company
“Sale Shares”	6,224 issued shares of the Target Company, representing 17.5% issued share capital of the Target Company
“Sale and Purchase Agreement”	the sale and purchase agreement dated 13 October 2016 and entered into between the Vendor and the Purchaser relating to the acquisition of the Sale Shares
“Target Company”	Jun Yang Solar Power Investment Holdings Limited, a company incorporated in Cayman Islands with limited liability
“Target Group”	the Target Company and its subsidiaries
“Vendor”	a company incorporated in Bermuda with limited liabilities and the beneficial owner of the Sale Shares
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the PRC

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

Hong Kong, 13 October 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>.