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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 AGREEMENTS

The Company is pleased to announce that on 13 October 2016, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreements with the Vendor, pursuant to which the Vendor has agreed to dispose of and the Purchaser has agreed to acquire the Sale Shares at the Consideration. The Target Company is a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO. Following completion of the Sale and Purchase Agreements, the Target Company will become a non wholly-owned subsidiary of the Company.

THE GEM LISTING RULES IMPLICATION

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

THE SALE AND PURCHASE AGREEMENTS

Date

13 October 2016

Parties to the Sale and Purchase Agreements

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

The Vendor is a licensed money lender in Hong Kong and, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquires, the Vendor and its beneficial owners are third parties independent of the Company and its connected persons (as defined in the GEM Listing Rules).

Background of the assets acquired

The Target Company is a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO. Based on the audited financial statements of the Target Company, the Target Company recorded audited loss before and after taxation of HK\$2.3 million since its incorporation in April 2015 till 31 December 2015. As at 31 December 2015, the audited net asset value of the Target Company amounted to HK\$57.7 million.

Consideration

The maximum consideration (the “Consideration”) for the Sale Shares amounts to HK\$33,220,000 and is determined after arm’s length negotiation between the Group and the Vendor with reference to the audited net asset value of the Target Company of HK\$57.7 million as at 31 December 2015 and payable upon completion of the Sale and Purchase Agreements. Pursuant to the Sale and Purchase Agreements, the Consideration is subject to downward adjustment on a dollar-to-dollar basis if 60.4% of the net asset value of the Target Company as at the date of completion of the Sale and Purchase Agreements is less than HK\$33,220,000.

Conditions precedent

Completion of the Sale and Purchase Agreements are 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 Company;
- (ii) all necessary consents, licenses and approvals from the shareholders, bankers, financial institutions and regulators required to be obtained on the part of the Vendor and the Target Company in respect of the Sale and Purchase Agreements and the transactions contemplated thereunder having been obtained and remain in full force and effect;

- (iii) all necessary consents, license and approvals from the shareholders, bankers, financial institutions and regulators required to be obtained on the part of the Purchaser in respect of the Sale and Purchase Agreements and the transactions contemplated thereunder having been obtained and remain in full force and effect;
- (iv) there being no material breach of any of the warranties under the Sale and Purchase Agreements upon completion of the Sale and Purchase Agreements;
- (v) the approval from the Securities and Futures Commission in relation to the change of substantial shareholder (as defined in the SFO) of the Target Company having been obtained.

If the above conditions precedent have not been satisfied or waived on or before 31 March 2017 (or such later date as the Vendor and the Purchaser may agree in writing), the Sale and Purchase Agreements shall cease and terminate and save for any antecedent breach, neither party shall have any obligation and liabilities towards each other.

Completion

Completion of the Sale and Purchase Agreements shall take place on the third business day after the conditions precedents to the Sale and Purchase Agreements having been fulfilled (or waived), or such other date as may be agreed between the Group and the Vendor. Following completion of the Sale and Purchase Agreements, the Target Company will be accounted for as a non wholly-owned subsidiary of the Company and its financial results will be included in the consolidated financial statements of the Group.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in (i) the forestry and agricultural business and (ii) the resources and logistics business. Given that the business development and financial performance of the Group's forestry and agricultural business is subject to a number of risks (including but not limited to climate, industry cycle and the Cambodian government policies), as described 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 seize appropriate opportunities to diversify its business portfolio and broaden its income sources for business risk management and enhancement of return to shareholders.

The financial service industry has long been a pillar industry and a major driver of the Hong Kong economy. Both the Hong Kong government and the Chinese government have from time to time implemented measures to fuel growth momentum to the Hong Kong stock market (including the rolling out of the Shanghai-Hong Kong Stock Connect in 2014 (which contributed to a substantial increase of 50% in the annual trading volume of the Stock Exchange from HK\$17,155.7 billion in 2014 to HK\$26,090.6 billion in 2015) and the Shenzhen-Hong Kong Stock Connect to be launched in the second half of 2016). As such, the Company considers that the Acquisition will represent

an opportunity for the Group to capitalise on the growth prospects of the Hong Kong stock market and the leading position of Hong Kong as one of the most prestige international financial centres. It is expected that the Target Company will be engaged in securities brokerage services, placing and underwriting services, investment advisory and asset management services, margin financing, securities investment and proprietary trading. Given the above, together with (i) the approximation of the Consideration to the audited net asset value of the Target Company as at 31 December 2015 and the downward adjustment mechanism; and (ii) possession of the licenses by the Target Company to carry out the securities brokerage and asset management businesses, the Directors are of the view that the terms of the Sale and Purchase Agreements (including the Consideration) are fair and reasonable and of normal commercial terms and the entering into of the Sale and Purchase Agreements is in the interest of the Company and its shareholders as a whole.

THE GEM LISTING RULES IMPLICATION

As the relevant applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the transaction contemplated under the Sale and Purchase Agreements are greater than 5% but less than 25%, the transaction contemplated under the Sale and Purchase Agreements will constitute a discloseable transaction for 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:

“Acquisition”	the acquisition of the Sale Shares by the Purchaser pursuant to the Sale and Purchase Agreements
“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
“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
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Purchaser”	a wholly-owned subsidiary of the Company

“Sale Shares”	the aggregate 60,400,000 issued shares of the Target Company, representing 60.4% of issued share capital of the Target Company
“Sale and Purchase Agreements”	the two sale and purchase agreements dated 13 October 2016 and entered into between the Vendor and the Purchaser relating to the Acquisition
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Jensen Capital Limited, a licensed company incorporated in Hong Kong with limited liability to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO
“Vendor”	a company incorporated in Hong Kong with limited liabilities
“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, 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>.