



IR RESOURCES LIMITED

同仁資源有限公司

(Incorporated in the Bermuda with limited liability)

(Stock Code: 8186)

2016 THIRD QUARTERLY RESULTS

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

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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; and (2) there are no other matters the omission of which would make any statement in this announcement misleading.

The Board would like to announce the unaudited condensed consolidated results of the Group for the three months and the nine months ended 30 September 2016 (the “Results”), together with the unaudited comparative figures for the corresponding periods in 2015, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
CONTINUING OPERATIONS					
Revenue	3	12,109	18,446	40,205	18,446
Cost of sales		(11,004)	(13,137)	(32,520)	(13,137)
Gross profit		1,105	5,309	7,685	5,309
Other income and gains		2,861	58	5,189	640
Administrative expenses		(10,098)	(4,378)	(38,753)	(10,163)
Finance costs	4	(6)	(6,627)	(14,186)	(19,550)
Loss before tax		(6,138)	(5,638)	(40,065)	(23,764)
Income tax expenses	5	(166)	—	(1,251)	—
LOSS FOR THE PERIOD FORM CONTINUING OPERATIONS		(6,304)	(5,638)	(41,316)	(23,764)
DISCONTINUED OPERATION					
Share of losses of associates		—	3	—	—
LOSS FOR THE PERIOD		(6,304)	(5,635)	(41,316)	(23,764)
Loss attributable to:					
Equity holders of the Company		(6,304)	(5,635)	(41,316)	(23,764)
Non-controlling interests		—	—	—	—
		(6,304)	(5,635)	(41,316)	(23,764)
		2016	2015	2016	2015
		HK Cents	HK Cents	HK Cents	HK Cents
			(Restated)		(Restated)
Basic loss per Share					
For loss for the period	6	(0.19)	(1.3)	(2.4)	(5.4)
For loss from continuing operations		(0.19)	(1.3)	(2.4)	(5.4)
Diluted loss per Share					
For loss for the period	6	(0.19)	(1.3)	(2.4)	(5.4)
For loss from continuing operations		(0.19)	(1.3)	(2.4)	(5.4)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the three months ended 30 September		For the nine months ended 30 September	
	2016	2015	2016	2015
	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Unaudited)
LOSS FOR THE PERIOD	<u>(6,304)</u>	<u>(5,635)</u>	<u>(41,316)</u>	<u>(23,764)</u>
OTHER COMPREHENSIVE INCOME				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations	(12)	(272)	(13)	4
Less: Income tax effect	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	<u>(12)</u>	<u>(272)</u>	<u>(13)</u>	<u>4</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>(6,316)</u>	<u>(5,907)</u>	<u>(41,329)</u>	<u>(23,760)</u>
Attributable to:				
Equity holders of the Company	(6,316)	(5,907)	(41,329)	(23,760)
Non-controlling interests	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>(6,316)</u>	<u>(5,907)</u>	<u>(41,329)</u>	<u>(23,760)</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 been prepared under the historical cost basis, except for 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:

	Continuing operations			
	For the		For the	
	three months ended		nine months ended	
	30 September		30 September	
	2016	2015	2016	2015
	HK\$’000	HK\$’000	HK\$’000	HK\$’000
Sale of wood and agricultural products	5,924	18,446	34,020	18,446
Sale of mineral products	6,185	—	6,185	—
	12,109	18,446	40,205	18,446
Attributable to continuing operations reported in the condensed consolidated statement of profit or loss	12,109	18,446	40,205	18,446
Attributable to discontinuing operation	—	—	—	—
	12,109	18,446	40,205	18,446

4. FINANCE COSTS

	Continuing operations			
	For the		For the	
	three months ended		nine months ended	
	30 September		30 September	
2016	2015	2016	2015	
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
Interest on loans from third parties	—	6,627	13,955	19,550
Interest on loan from a financial institution	<u>6</u>	<u>—</u>	<u>231</u>	<u>—</u>
	<u>6</u>	<u>6,627</u>	<u>14,186</u>	<u>19,550</u>

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 three months and the nine months ended 30 September 2016 (2015: Nil).

(b) PRC Enterprise Income Tax

The applicable PRC enterprise income tax rate is 25% on any assessable profits arising in the People's Republic of China ("PRC") during the three months and the nine months ended 30 September 2016 (2015: Nil), determined in accordance with the relevant income tax arising in the PRC rules and regulations in the PRC.

(c) 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 three months and nine months ended 30 September 2016 (2015: Nil).

6. LOSS PER SHARE

The calculations of the basic and diluted loss per Share for the three months and the nine months ended 30 September 2016 are based on the loss attributable to equity holders of the Company being HK\$6.3 million (2015: HK\$5.6 million) and HK\$41.3 million (2015: HK\$23.8 million) divided by the weighted average number of 3,287,918,000 ordinary Shares and 1,708,880,000 ordinary Shares for the three months and the nine months ended 30 September 2016 respectively. The weighted average number of ordinary Shares for the three months and the nine months ended 30 September 2015 of 440,290,000 ordinary Shares has been retrospectively adjusted for the rights issue and share consolidation during the Reporting Period.

No adjustment has been made to the basic loss per Share amounts presented for the three months and the nine months ended 30 September 2016 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic loss per Share amounts presented. The Group had no potentially dilutive ordinary Shares in issue during the three months and the nine months ended 30 September 2015.

7. DIVIDENDS

The Directors do not recommend the payment of interim 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	Share options reserve HK\$ '000	Exchange reserve HK\$ '000	Accumulated losses HK\$ '000	Total HK\$ '000	Non-controlling interests HK\$ '000	
As at 1 January 2015 (audited)	972,987	5,265	—	(559)	(894,957)	82,736	(3)	82,733
Loss for the period	—	—	—	—	(23,764)	(23,764)	—	(23,764)
Other comprehensive income for the period:								
Exchange differences on translation of foreign operations	—	—	—	4	—	4	—	4
Total comprehensive income for the period	—	—	—	4	(23,764)	(23,760)	—	(23,760)
As at 30 September 2015 (unaudited)	<u>972,987</u>	<u>5,265</u>	<u>—</u>	<u>(555)</u>	<u>(918,721)</u>	<u>58,976</u>	<u>(3)</u>	<u>58,973</u>
As at 1 January 2016 (audited)	<u>972,987</u>	<u>5,265</u>	<u>—</u>	<u>(562)</u>	<u>(930,040)</u>	<u>47,650</u>	<u>—</u>	<u>47,650</u>
Loss for the period	—	—	—	—	(41,316)	(41,316)	—	(41,316)
Other comprehensive income for the period:								
Exchange differences on translation of foreign operations	—	—	—	(13)	—	(13)	—	(13)
Total comprehensive income for the period	—	—	—	(13)	(41,316)	(41,329)	—	(41,329)
Issue of new shares under rights issue	236,156	—	—	—	—	236,156	—	236,156
Share premium reduction	(972,987)	—	—	—	972,987	—	—	—
Capital reorganisation	—	(5,265)	—	—	133,839	128,574	—	128,574
Issue of shares under placing	16,163	—	—	—	—	16,163	—	16,163
Share issue expenses	(6,819)	—	—	—	—	(6,819)	—	(6,819)
Recognition of share-based payments	—	—	2,016	—	—	2,016	—	2,016
As at 30 September 2016 (unaudited)	<u>245,500</u>	<u>—</u>	<u>2,016</u>	<u>(575)</u>	<u>135,470</u>	<u>382,411</u>	<u>—</u>	<u>382,411</u>

MANAGEMENT DISCUSSION AND ANALYSIS REVIEW

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

Financial review

Revenue of the Group for the Reporting Period amounted to HK\$40.2 million (2015: HK\$18.4 million) and was mainly derived from the sales of wood and agricultural produce, and mineral products.

The consolidated loss attributable to the equity holders of the Company for the Reporting Period amounted to HK\$41.3 million (2015: HK\$23.8 million). The loss for current period was mainly attributable to the combined effect of (i) the staff cost and administrative expenses 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; (iii) the remuneration payments to management and staff; and (iv) waiver of certain payables due to a service provider and recognized as other income and gains.

The Group mainly operates in Hong Kong, Southeast Asia 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 loggings and the price movement of wood and agricultural produce.

RECENT DEVELOPMENT AND PROSPECTS

- (i) On 11 July 2016, the Company entered into a placing agreement for the placing of up to 577,260,000 new Shares of the Company under general mandate at HK\$0.038 per placing Share. On 29 July 2016, the Company completed the placing and 577,260,000 new Shares of the Company had been issued and allotted.
- (ii) In September 2016, the Group entered into agreements (which were completed in October 2016) with a group of investors/business partners in respect of the restructuring of the Group for the development of its forestry and agricultural business. Details of the agreements were described in the announcement and circular of the Company dated 19, 22 September and 15 October 2016 respectively.

EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the Group had the following material events:

- (i) On 13 October 2016, a wholly-owned subsidiary of the Company entered into a sale and purchase agreement for the acquisition of 17.5% equity interest of a group engaged in the operation of solar power generation business for a consideration of HK\$20,500,000. The said transaction was completed on 18 October 2016 and the Group's equity interest in the solar power business would be accounted for as available-for-sale financial assets.
- (ii) On 13 October 2016, a wholly-owned subsidiary of the Company entered into sale and purchase agreements for the acquisition of 60.4% equity interest of a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (assets management) regulated activities under the SFO for a consideration not more than HK\$33,220,000. The Company is in the process of conducting due diligence on the licensed company and intends to complete the acquisition in the first quarter of 2017 (subject to fulfilment of the conditions precedent as set out in the sale and purchase agreements). Following completion of the sale and purchase agreements, the licensed corporation will become a non-wholly owned subsidiary of the Company.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2016, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealings by Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Name	Capacity Interest	Number of Ordinary Shares held	Number of underlying Shares held	Approximate Percentage of shareholding in the Company (Note)
Ms. Yu Xiao Min	Interest of controlled corporation	12,000,000	—	0.35%

Note: Based on 3,463,606,061 Shares in issue as of 30 September 2016.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Save as disclosed above, as at 30 September 2016, no other Directors or the chief executive of the Company or their associates had any interests or rights to subscribe for any securities of the Company or any of its associated corporations as defined in the SFO.

At no time during the period was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or the chief executive of the Company or any of their respective associates, including spouses or children under eighteen years of age, to acquire benefits by means of the acquisition of Shares in or debentures of the Company or any other body corporate.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 30 September 2016, so far as is known to any of the Directors or the chief executive of the Company, the following persons (other than a Director and the chief executive of the Company as disclosed above) had interest in the Shares or underlying Shares of the Company as recorded in the register required to be kept under Section 336 of the SFO, who is interested in 10% or more of any class of share capital carrying rights to vote at general meetings of the Company.

Name of shareholders	Capacity of interests	Number of ordinary Shares held	Number of underlying Shares held	Approximately percentage of shareholding in the Company (Note)
China Wah Yan Healthcare Limited and its subsidiaries	Corporate owner	845,568,863	—	24.41%

Note: Based on 3,463,606,061 Shares in issue as of 30 September 2016.

SHARE OPTION SCHEME

Pursuant to the share option scheme approved by the shareholders of the Company on 10 June 2011, employees and directors of the Company and its subsidiaries may be granted options to subscribe for the Shares and the principal terms are set out in the Company's circular dated 27 April 2011.

Details of the movement in and balance of the share options granted under the share option scheme during the nine months ended 30 September 2016 and as at 30 September 2016 are as follows:

Grantee	Date of grant	Exercise period	Exercise price per Share (HK\$) (Note 1)	Number of share options				At 30 September 2016	% of shareholding of the Company (Note 2)
				As 1 January 2016	Granted during the period (Note 1)	Exercised during the period	Lapsed during the period		
Employee	27-5-2016	27-5-2016 to 26-5-2018	0.16	—	21,000,000	—	—	21,000,000	0.61%

Notes:

1. The exercise price and number of share options were adjusted pursuant to the share consolidation for 10 shares into 1 consolidated share of the Company effective from 22 June 2016.
2. Based on 3,463,606,061 Shares in issue as of 30 September 2016.

In accordance with the terms of the share option scheme, options granted during the nine months ended 30 September 2016 have been vested as at the date of grant. The closing price of the Shares immediately before the date on which the share options were granted was HK\$0.13 (as adjusted by the share consolidation effective in June 2016).

The fair value of the share options granted as at 27 May 2016 is determined to be approximately HK\$0.096 (as adjusted by the share consolidation effective in June 2016) each using the Trinomial Option Pricing Model with the expected volatility based on the historical share price volatility over the past 3 months. The variables and assumptions used in computing the fair value of the share options as at 27 May 2016 are based on the Directors' best estimate. The value of an option may vary with different variables of certain subjective assumptions.

DIRECTORS' INTEREST IN CONTRACTS

No contract, commitment or agreement of significance in relation to the Company's business, to which the Company or any of its subsidiaries was a party and in which any of the Directors had a material interest, either directly or indirectly, subsisted during the Reporting Period.

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.

COMPETING INTERESTS

None of the Directors or the substantial shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) has engaged in any businesses that compete or may compete with the business of the Group or has any other conflicts of interests with the Group during the Reporting Period.

CORPORATE GOVERNANCE

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 is vacated. The Board will continue to review 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, 14 November 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, Mr. Hong Bingxian, Mr. Hung Kenneth and Ms. Pang King Sze, Rufina.