



IR RESOURCES LIMITED

同仁資源有限公司

(Incorporated in the Bermuda with limited liability)

(Stock Code: 8186)

2017 FIRST 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 hereby announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the three months ended 31 March 2017 (the “Reporting Period”) (the “Results”), together with the unaudited comparative figures for the corresponding period in 2016, as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<i>Notes</i>	For the three months ended 31 March	
		2017	2016
		HK\$'000	HK\$'000
Revenue	3	3,970	15,148
Cost of sales		<u>(3,325)</u>	<u>(11,610)</u>
Gross profit		645	3,538
Other income and gains		3	1,522
Administrative expenses		(7,126)	(15,768)
Net loss on financial assets at fair value through profit or loss		(3,785)	–
Finance costs	4	<u>–</u>	<u>(8,346)</u>
Loss before tax		(10,263)	(19,054)
Income tax expenses	5	<u>(69)</u>	<u>(584)</u>
LOSS FOR THE PERIOD		<u>(10,332)</u>	<u>(19,638)</u>
Loss attributable to:			
Equity holders of the Company		(9,041)	(19,638)
Non-controlling interests		<u>(1,291)</u>	<u>–</u>
		<u>(10,332)</u>	<u>(19,638)</u>
Loss per share attributable to the equity holders of the Company (HK cents)	6		<i>(Restated)</i>
Basic		(1.21)	(2.23)
Diluted		<u>(1.21)</u>	<u>(2.23)</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the three months ended 31 March	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
LOSS FOR THE PERIOD	<u>(10,332)</u>	<u>(19,638)</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	–	–
<i>Less: Income tax effect</i>	<u>–</u>	<u>–</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	<u>–</u>	<u>–</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u><u>(10,332)</u></u>	<u><u>(19,638)</u></u>
Attributable to:		
Equity holders of the Company	<u>(9,041)</u>	(19,638)
Non-controlling interests	<u>(1,291)</u>	<u>–</u>
	<u><u>(10,332)</u></u>	<u><u>(19,638)</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 2016, 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	
	2017 HK\$’000	2016 HK\$’000
Sales of wood and agricultural produce	3,879	15,148
Loan interest income	91	–
	<u>3,970</u>	<u>15,148</u>

4. FINANCE COSTS

	For the three months ended 31 March	
	2017 HK\$’000	2016 HK\$’000
Interest on loans from a third party	–	8,319
Interest on loan from a financial institution	–	27
	<u>–</u>	<u>8,346</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 Reporting Period.

(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.

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\$9.0 million (2016: HK\$19.6 million) divided by the weighted average number of 749,676,545 ordinary Shares in issue during the Reporting Period.

The weighted average number of 88,058,015 ordinary shares for the three months ended 31 March 2016 has been retrospectively adjusted for (i) the share consolidations which were completed in June 2016 and January 2017 respectively; and (ii) the rights issue which was completed in May 2016.

No adjustment has been made to the basic loss per share amounts presented for the Reporting Period 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. For the three months ended 31 March 2016, the Group had no potentially dilutive ordinary shares in issue.

7. DIVIDENDS

The Board does not recommend the payment of any dividend for the Reporting Period (2016: Nil).

8. COMMITMENTS

In October 2016, the Group entered into a sale and purchase agreement with an independent third party, pursuant to which, the Group will acquire (the "Nine Rivers Acquisition") 60.4% equity interest in Nine Rivers Capital Partners Limited (the "Nine Rivers") at a consideration of approximately HK\$33,220,000. Nine Rivers 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 Securities and Futures Ordinance.

As at the date of this announcement, the Nine Rivers Acquisition has not yet been completed.

9. RESERVES

	Attributable to equity holders of the Company								
	Share premium HK\$'000	Contributed surplus HK\$'000	Other reserve HK\$'000	Share options reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
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)	(19,638)	-	(19,638)
At 31 March 2016 (unaudited)	<u>972,987</u>	<u>5,265</u>	<u>-</u>	<u>-</u>	<u>(562)</u>	<u>(949,678)</u>	<u>28,012</u>	<u>-</u>	<u>28,012</u>
At 1 January 2017 (audited)	<u>245,500</u>	-	<u>(9,889)</u>	<u>2,016</u>	<u>(285)</u>	<u>(140,957)</u>	<u>96,385</u>	<u>4,004</u>	<u>100,389</u>
Loss for the period	-	-	-	-	-	(9,041)	(9,041)	(1,291)	(10,332)
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	(9,041)	(9,041)	(1,291)	(10,332)
Placing of shares	<u>19,713</u>	-	-	-	-	-	<u>19,713</u>	-	<u>19,713</u>
At 31 March 2017 (unaudited)	<u>265,213</u>	<u>-</u>	<u>(9,889)</u>	<u>2,016</u>	<u>(285)</u>	<u>(149,998)</u>	<u>107,057</u>	<u>2,713</u>	<u>109,770</u>

MANAGEMENT DISCUSSION AND ANALYSIS REVIEW

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

Financial review

Revenue of the Group for the Reporting Period amounted to HK\$4.0 million (2016: HK\$15.1 million) and was mainly derived from the sale of wood and agricultural produce.

The consolidated loss attributable to the equity holders of the Company for the Reporting Period amounted to HK\$10.3 million (2016: HK\$19.6 million). The decrease in loss for the Reporting Period was mainly attributable to (i) the saving in finance costs arising from repayment of certain loans of the Group after the rights issue exercise carried out in May 2016 (2016: finance cost of HK\$8.3 million); (ii) the decrease in salaries and bonus payments to management and staff; and (iii) the net loss on financial assets at fair value through profit or loss of HK\$3.8 million arising from unfavourable market sentiment of Hong Kong listed securities.

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 weather conditions, natural hazards, illegal logging and price movement of wood and agricultural produce.

RECENT DEVELOPMENT

In January 2017, the share consolidation involving the consolidation of 5 existing Shares of HK\$0.01 each into 1 consolidated Shares of HK\$0.05 each became effective.

In February 2017, the Company completed a placing of 138,540,000 new Shares under the general mandate at the placing price of HK\$0.2 per new Share and 138,540,000 new Shares had been issued and allotted to not less than six placees, with net proceeds of approximately HK\$26.3 million for strengthening the working capital of the Group.

In view of the emerging opportunities for the financial services sector in Hong Kong, the Group has commenced loan financing business for the Reporting Period. During the Reporting Period, the Group has recorded loan interest income of HK\$91,000 from its loan financing business.

EVENTS AFTER THE REPORTING PERIOD

Subsequent to the Reporting Period, the Group does not have any material events.

PROSPECTS

Due to the increasing concerns on environmental protection and preservation of forest land, together with the complex political environment of Cambodia and stringent control over the forestry business by the Cambodia government, the Group expects that the Group's forestry and agricultural business will continually be affected by the volatile administrative policies of the Cambodia government and to encounter fierce market competition and to be subject to rising production costs and volatile market product prices. The Group will closely monitor the business performance of this business segment and adjust its strategy as and when appropriate. On the other hand, the Group will continue to develop its financial services business to benefit from the improving global market sentiments. Going forward, the Group will continue to seize and keep abreast of investment/business as well as debt/equity fund raising opportunities available so as to enhance the financial condition of the Group.

OTHER INFORMATION

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

As at 31 March 2017, 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 ("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:

Long positions in shares of the Company

Name	Capacity of interest	Number of ordinary shares held	Number of underlying shares held (Note 1)	Approximate percentage of shareholding in the Company (Note 2)
Mr. Chan Ching Hang	Beneficial owner	–	4,200,000	0.51%

Notes:

1. It represents the number of share options granted to Mr. Chan Ching Hang under the Share Option Scheme.
2. Based on 831,261,212 Shares in issue as of 31 March 2017.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Save as disclosed above, as at 31 March 2017, 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 Reporting 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

At 31 March 2017, 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 any interests or short positions 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.

Long positions in shares 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	220,953,772	–	26.58%

Note: Based on 831,261,212 Shares in issue as of 31 March 2017.

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 Reporting Period are as follows:

Grantee	Date of grant	Exercise period	Exercise price per Share (HK\$) (Note 1)	Number of share options				At 31 March 2017	% of shareholding of the Company (Note 2)
				As 1 January 2017 (Note 1)	Granted during the period	Exercised during the period	Lapsed during the period		
Director	27-5-2016	27-5-2016 to 26-5-2018	0.80	4,200,000	-	-	-	4,200,000	0.51%

Notes:

- 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 and the share consolidation of 5 shares into 1 consolidated share of the Company effective from 12 January 2017.
- Based on 831,261,212 Shares in issue as of 31 March 2017.

In accordance with the terms of the share option scheme, the options granted in 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\$0.65 (as adjusted by the share consolidations effective in June 2016 and January 2017 respectively).

The fair value of the share options granted as at 27 May 2016 is determined to be approximately HK\$0.48 (as adjusted by the share consolidations effective in June 2016 and January 2017 respectively) 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 interest 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 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
Chan Ching Hang
Chairman

Hong Kong, 11 May 2017

As at the date of this announcement, the Board of the Company comprises two executive Directors, namely, Mr. Chan Ching Hang 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 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>.