



IR RESOURCES LIMITED

同仁資源有限公司

(Incorporated in the Bermuda with limited liability)

(Stock Code: 8186)

2018 FIRST QUARTERLY RESULTS

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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 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, 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 in this announcement misleading.

UNAUDITED FIRST QUARTERLY RESULTS

The Board hereby announces the unaudited condensed consolidated results (the “Results”) of the Company and its subsidiaries (collectively, the “Group”) for the three months ended 31 March 2018 (the “Reporting Period”), together with the unaudited comparative figures for the corresponding period in 2017, as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the three months ended 31 March	
	<i>Notes</i>	2018	2017
		<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	3	6,110	3,970
Cost of sales		<u>(4,736)</u>	<u>(3,325)</u>
Gross profit		1,374	645
Other income and gains		422	3
Administrative expenses		(10,654)	(7,126)
Net gain/(loss) on financial assets at fair value through profit or loss		72	(3,785)
Finance costs	4	(910)	–
Share of loss of an associate		<u>(2)</u>	<u>–</u>
Loss before tax		(9,698)	(10,263)
Income tax expenses	5	<u>(137)</u>	<u>(69)</u>
LOSS FOR THE PERIOD		<u>(9,835)</u>	<u>(10,332)</u>
Loss attributable to:			
Equity holders of the Company		(8,185)	(9,041)
Non-controlling interests		<u>(1,650)</u>	<u>(1,291)</u>
		<u>(9,835)</u>	<u>(10,332)</u>
Loss per share attributable to the equity holders of the Company (<i>HK cents</i>)	6		
Basic		(0.98)	(1.21)
Diluted		<u>(0.98)</u>	<u>(1.21)</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the three months ended 31 March	
	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
LOSS FOR THE PERIOD	<u>(9,835)</u>	<u>(10,332)</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	14	–
<i>Less:</i> Income tax effect	<u>–</u>	<u>–</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	<u>14</u>	<u>–</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u><u>(9,821)</u></u>	<u><u>(10,332)</u></u>
Attributable to:		
Equity holders of the Company	(8,171)	(9,041)
Non-controlling interests	<u>(1,650)</u>	<u>(1,291)</u>
	<u><u>(9,821)</u></u>	<u><u>(10,332)</u></u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATION RESULTS

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 (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 collective term includes all applicable individual 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 available-for-sale investments, equity investments at fair value through profit or loss and derivative financial instrument, 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 2017, 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	
	2018 HK\$’000	2017 HK\$’000
Sales of wood and agricultural produce	5,516	3,879
Loan interest income	213	91
Brokerage commission income	19	–
Related service fee income arising from provision of financial information services	362	–
	<u>6,110</u>	<u>3,970</u>

4. FINANCE COSTS

	For the three months ended 31 March	
	2018 HK\$’000	2017 HK\$’000
Interest on other borrowings	170	–
Interest on loan from a financial institution	167	–
Imputed interest on convertible bond	573	–
	<u>910</u>	<u>–</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 Enterprise Income Tax

Under the Enterprise Income Tax Law of the People's Republic of China (the "PRC"), the enterprise 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\$8.2 million (2017: HK\$9.0 million) divided by the weighted average number of 831,261,212 (2017: 749,676,545) ordinary Shares in issue during the Reporting Period.

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 2017, 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 (2017: Nil).

8. COMMITMENTS

The Group did not have any material commitments during the Reporting Period.

9. RESERVES

	Attributable to equity holders of the Company									
	Share premium	Other reserve	Share options reserve	Equity component of convertible bond	Available-for-sale investments revaluation reserve	Exchange reserve	Accumulated losses	Sub-total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2017 (audited)	245,500	(9,889)	2,016	-	-	(285)	(140,957)	96,385	4,004	100,389
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	19,713	-	-	-	-	-	-	19,713	-	19,713
At 31 March 2017 (unaudited)	<u>265,213</u>	<u>(9,889)</u>	<u>2,016</u>	<u>-</u>	<u>-</u>	<u>(285)</u>	<u>(149,998)</u>	<u>107,057</u>	<u>2,713</u>	<u>109,770</u>
At 1 January 2018 (audited)	265,213	(9,889)	4,930	3,931	291	(668)	(242,288)	21,520	7,304	28,824
Loss for the period	-	-	-	-	-	-	(8,185)	(8,185)	(1,650)	(9,835)
Other comprehensive income for the period:										
Exchange differences on translation of foreign operations	-	-	-	-	-	14	-	14	-	14
Total comprehensive income for the period	-	-	-	-	-	14	(8,185)	(8,171)	(1,650)	(9,821)
At 31 March 2018 (unaudited)	<u>265,213</u>	<u>(9,889)</u>	<u>4,930</u>	<u>3,931</u>	<u>291</u>	<u>(654)</u>	<u>(250,473)</u>	<u>13,349</u>	<u>5,654</u>	<u>19,003</u>

MANAGEMENT DISCUSSION AND ANALYSIS REVIEW

The Group is principally engaged in (i) the forestry and agricultural business; (ii) the financial services business; (iii) the online cultural business; and (iv) the logistics business.

Financial review

Revenue of the Group for the Reporting Period amounted to HK\$6.1 million (2017: HK\$4.0 million) and was mainly derived from the forestry and agricultural business and the financial services business. As the existing projects under the Group's online cultural business had been completed and the new contracts were yet to be entered into, no revenue was recorded from this business segment during the Reporting Period.

The consolidated loss attributable to the equity holders of the Company for the Reporting Period amounted to HK\$8.2 million (2017: HK\$9.0 million).

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, government policies of Cambodia as a developing country, price fluctuation of agricultural produce and change in technologies.

RECENT DEVELOPMENT AND EVENTS AFTER THE REPORTING PERIOD

In April 2018, the Company established a share award scheme as part of its incentive arrangement to encourage the qualifying grantees for their continuing positive contributions to the Group. As at the date of this announcement, such share award scheme held convertible bonds in the principal amount of HK\$18 million. In addition, due to the delay in receiving subsidies from the government of the PRC in relation to its policies in encouraging the country's development of renewable energy, the Group's solar power generating business (in which the Group has minority interest) has recently been in discussion with other shareholders about raising fund for general working capital purpose.

Save as disclosed from above, the Group does not have any material events subsequent to the Reporting Period.

PROSPECTS

Due to the continuous concerns on environmental protection and preservation of forest land, as well as the complex political environment of Cambodia and stringent control over the forestry business by the Cambodia government, the Group's forestry and agricultural business remains difficult and is expected to continue to be adversely affected by the volatile administrative policies of the Cambodia government, the fierce market competition and the

fluctuating market product prices. The Group will closely monitor the performance of this business segment and adjust its strategy as and when appropriate. The Group will continue to develop its financial services business to ride on the potential growth of the Hong Kong financial/capital market resulting from the closer collaboration between the capital markets of Hong Kong and the PRC. Going forward, the Group will keep abreast and seize business opportunities to enhance its financial condition and business performance.

OTHER INFORMATION

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

As at 31 March 2018, 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 the Shares

Name	Capacity of interest	Number of Ordinary Shares held	Number of underlying Shares held <i>(Note1)</i>	Percentage of shareholding in the Company <i>(Note2)</i>
Mr. Chan Ching Hang	Beneficial owner	–	8,312,612	1%
Mr. Hong Bingxian	Beneficial owner	–	831,261	0.1%
Mr. Kenneth Hung	Beneficial owner	–	831,261	0.1%
Ms. Pang King Sze, Rufina	Beneficial owner	–	831,261	0.1%

Notes:

1. represents the number of share options granted to the Directors under the share option scheme of the Company.
2. based on 831,261,212 Shares in issue as of 31 March 2018.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Save as disclosed above, as at 31 March 2018, 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 at 31 March 2018, 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 the Shares

Name of shareholders	Capacity of interests	Number of Ordinary Shares held	Number of underlying Shares held	Percentage of shareholding in the Company (Note)
China Wah Yan Healthcare Limited and its subsidiaries	Corporate owner	237,293,772	–	28.55%

Note: based on 831,261,212 Shares in issue as of 31 March 2018.

SHARE OPTION SCHEME

Pursuant to the share option scheme approved by the shareholders of the Company on 10 June 2011, the Company may grant options to eligible participants to subscribe for the Shares (the principal terms of such share option scheme 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 of the Company during the Reporting Period are as follows:

Grantee	Date of grant	Exercise period	Exercise price per Share (HK\$)	Number of share options				At 31 March 2018	% of shareholding of the Company (Note 2)
				As 1 January 2018	Granted during the period	Exercised during the period	Lapsed during the period		
Directors	10-11-2017	10-11-2017 to 9-11-2019	HK\$0.099	10,806,395 (Note 1)	-	-	-	10,806,395	1.3%
Employees	10-11-2017	10-11-2017 to 9-11-2019	HK\$0.099	16,625,224	-	-	-	16,625,224	2%
	13-11-2017	13-11-2017 to 12-11-2019	HK\$0.099	4,156,307	-	-	-	4,156,307	0.5%
Consultants	10-11-2017	10-11-2017 to 9-11-2019	HK\$0.099	49,875,672	-	-	-	49,875,672	6%
	13-11-2017	13-11-2017 to 12-11-2019	HK\$0.099	1,662,523	-	-	-	1,662,523	0.2%

Notes:

1. details of the share options granted to the Directors are as follows:

Name	Capacity of interest	Number of Ordinary Shares held	Number of underlying Shares held	Percentage of shareholding in the Company (Note 2)
Mr. Chan Ching Hang	Beneficial owner	-	8,312,612	1%
Mr. Hong Bingxian	Beneficial owner	-	831,261	0.1%
Mr. Kenneth Hung	Beneficial owner	-	831,261	0.1%
Ms. Pang King Sze, Rufina	Beneficial owner	-	831,261	0.1%
			10,806,395	

2. based on 831,261,212 Shares in issue as of 31 March 2018.

In accordance with the terms of the share option scheme of the Company, the options granted in 2017 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\$0.099.

The fair value of the share options granted as at 10 and 13 November 2017 is determined to be HK\$0.0593 and HK\$0.0596 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 10 and 13 November 2017 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 2018

As at the date of this announcement, the Board 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>.