



IR Resources Limited

同仁資源有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 8186)

2020 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 would like to present the unaudited condensed consolidated results (the “Results”) of the Company and its subsidiaries (collectively, the “Group”) for the three months ended 31 March 2020 (the “Reporting Period”), together with the unaudited comparative figures for the corresponding period in 2019, as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the three months ended 31 March	
		2020	2019
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	3	6,531	5,923
Cost of sales		<u>(5,472)</u>	<u>(5,011)</u>
Gross profit		1,059	912
Other income and gains		66	277
Administrative expenses		(5,463)	(6,161)
Net gain/(loss) on equity investments at fair value through profit or loss	4	11	(90)
Finance costs	5	(373)	(344)
Share of profit of associates		<u>137</u>	<u>163</u>
Loss before tax		(4,563)	(5,243)
Income tax expenses	6	<u>(140)</u>	<u>(136)</u>
LOSS FOR THE PERIOD		<u>(4,703)</u>	<u>(5,379)</u>
Loss for the period attributable to:			
Ordinary equity holders of the Company		(3,380)	(5,218)
Non-controlling interests		<u>(1,323)</u>	<u>(161)</u>
		<u>(4,703)</u>	<u>(5,379)</u>
			(Restated)
Loss per Share (<i>HK cents</i>)	7		
Basic		<u>(2.71)</u>	<u>(5.02)</u>
Diluted		<u>(2.71)</u>	<u>(5.02)</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the three months ended 31 March	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
LOSS FOR THE PERIOD	<u>(4,703)</u>	<u>(5,379)</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Fair value gain on equity investment at fair value through other comprehensive income (non-recycling)	–	226
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	26	–
<i>Less: Income tax effect</i>	<u>–</u>	<u>–</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	<u>26</u>	<u>226</u>
TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD	<u>(4,677)</u>	<u>(5,153)</u>
Total comprehensive expense for the period attributable to:		
Ordinary equity holders of the Company	(3,354)	(4,992)
Non-controlling interests	<u>(1,323)</u>	<u>(161)</u>
	<u>(4,677)</u>	<u>(5,153)</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED RESULTS

1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in Bermuda. Its registered office is located at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM10, Bermuda and its principal place of business in Hong Kong is situated at 26/F., Times Tower, 391–407 Jaffe Road, Causeway Bay, Hong Kong. The shares (the “Shares”) of the Company are listed on GEM.

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

2. BASIS OF PREPARATION

The Results have been prepared in accordance with Hong Kong Financial Reporting Standards (the “HKFRSs”, 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 equity investments at fair value through profit or loss, 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 2019, 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 Reporting Period is analysed as follows:

	For the three months ended 31 March	
	2020	2019
	HK\$’000	HK\$’000
Revenue from contracts with customers		
Sales of wood and agricultural products	6,323	5,838
Revenue from other source		
Loan interest income	208	85
Total revenue	6,531	5,923

Disaggregated revenue information

	For the three months ended 31 March	
	2020	2019
	HK\$'000	HK\$'000
Sales of wood and agricultural products		
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	<u>6,323</u>	<u>5,838</u>
Total revenue from contracts with customers	<u><u>6,323</u></u>	<u><u>5,838</u></u>

4. NET GAIN/LOSS ON EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

For the Reporting Period, the Group did not record any realised gain or loss from disposal of listed securities (2019: Nil) and recorded an unrealised gain arising from change in fair value of the listed securities of HK\$11,000 (2019: loss of HK\$90,000) based on the price of the listed securities as at 31 March 2020. The Group did not receive any dividend from its listed investments during the Reporting Period.

5. FINANCE COSTS

	For the three months ended 31 March	
	2020	2019
	HK\$'000	HK\$'000
Interest on other loan	184	176
Interest from other borrowing	170	168
Interest on lease liabilities	<u>19</u>	<u>–</u>
	<u><u>373</u></u>	<u><u>344</u></u>

6. INCOME TAX EXPENSES

(a) Hong Kong Profits Tax

Hong Kong Profits Tax is calculated at a rate of 16.5% on the estimated profits arising in Hong Kong.

(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.

7. LOSS PER SHARE

The calculation of basic loss per Share is based on the unaudited consolidated loss for the period attributable to ordinary equity holders of the Company and the weighted average number of ordinary Shares in issue during the Reporting Period.

The calculation of basic loss per Share is based on:

	For the three months ended 31 March	
	2020	2019
	HK\$'000	HK\$'000
Loss for the period attributable to ordinary equity holders of the Company, used in the basic loss per Share calculation	<u>(3,380)</u>	<u>(5,218)</u>
	Number of ordinary Shares For the three months ended 31 March	
	2020	2019
	'000	'000
		(Restated)
Weighted average number of ordinary Shares in issue during the period, used in the basic loss per Share calculation*	<u>124,683</u>	<u>103,908**</u>

* Since no award has been granted to any eligible person under the Company's share award scheme as at 31 March 2020, the weighted average number of ordinary Shares in issue during the Reporting Period excluded the 20,757,500 ordinary Shares held under the scheme for purpose of calculating the basic loss per Share.

** The weighted average number of ordinary Shares for the three months ended 31 March 2019 has been adjusted by the share consolidation taken place in May 2019 as if it has become effective since 1 January 2019.

No adjustment has been made to the basic loss per Share amounts presented for the three months ended 31 March 2019 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.

8. DIVIDENDS

The Board does not recommend the payment of any dividend for the Reporting Period (2019: Nil).

9. COMMITMENTS

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

10. RESERVES

Attributable to ordinary equity holders of the Company										
	Share premium	Shares held under share award scheme	Other reserve	Share option reserve	Fair value reserve (non- recycling)	Exchange reserve	(Accumulated losses)/ Retained earnings	Sub total	Non- controlling interests	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 January 2019 (audited)	265,213	-	(9,889)	4,930	(3,847)	(548)	(276,331)	(20,472)	(92)	(20,564)
Loss for the period	-	-	-	-	-	-	(5,218)	(5,218)	(161)	(5,379)
Fair value gain on equity investment at fair value through other comprehensive income (non-recycling)	-	-	-	-	226	-	-	226	-	226
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	-	-
Total comprehensive income/(expense) for the period	-	-	-	-	226	-	(5,218)	(4,992)	(161)	(5,153)
Release of fair value reserve upon disposal of unlisted equity investment at fair value through other comprehensive income (non-recycling)	-	-	-	-	3,621	-	(3,621)	-	-	-
Cancellation of share options	-	-	-	(493)	-	-	493	-	-	-
At 31 March 2019 (unaudited)	265,213	-	(9,889)	4,437	-	(548)	(284,677)	(25,464)	(253)	(25,717)
At 1 January 2020 (audited)	5,293	(5,501)	(9,889)	-	-	(516)	17,773	7,160	5,650	12,810
Loss for the period	-	-	-	-	-	-	(3,380)	(3,380)	(1,323)	(4,703)
Exchange differences on translation of foreign operations	-	-	-	-	-	26	-	26	-	26
Total comprehensive income/(expense) for the period	-	-	-	-	-	26	(3,380)	(3,354)	(1,323)	(4,677)
At 31 March 2020 (unaudited)	5,293	(5,501)	(9,889)	-	-	(490)	14,393	3,806	4,327	8,133

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

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

Revenue of the Group for the Reporting Period amounted to HK\$6.5 million (2019: HK\$5.9 million) and was mainly derived from its forestry and agricultural business and financial services business.

The consolidated loss attributable to ordinary equity holders of the Company for the Reporting Period was narrowed down to HK\$3.4 million (2019: HK\$5.2 million), mainly attributable to the implementation of cost-saving measures. The basic and diluted loss per Share attributable to the ordinary equity holders of the Company for the Reporting Period was HK2.71 cents (2019: HK5.02 cents (restated)).

The Group mainly operates in Hong Kong, Cambodia and the PRC and is exposed to foreign exchange risk. Since almost all of the transactions of the Group and recognised financial assets and liabilities are denominated either in Hong Kong dollars (“HKD”), United States dollars or Renminbi and the exchange rates of the said currencies have been quite stable, the Group’s foreign currency risk is not material. As such, 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 businesses are also subject to a number of risks including weather conditions, natural hazards, illegal logging, government policies of Cambodia as a developing country, price fluctuations of agricultural products and changes in technologies.

EVENT AFTER THE REPORTING PERIOD

The Company entered into a subscription agreement with Ms. He Lamei, a non-executive Director, relating to the issue of 59,000,000 new Shares at the subscription price of HK\$0.07 (as detailed in the Company’s announcement dated 28 April 2020).

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

PROSPECTS

The trade policy uncertainty, the geopolitical tension, the protectionist sentiments and the global spread of the coronavirus have resulted in extremely high uncertainty to the global economy and caused massive disruptions to all the supply chains globally since the beginning of 2020, the Group anticipates that the devastating impact of these incidents will continue to undoubtedly crash the PRC, Southeast Asia and worldwide economy and shock the performance of the Hong Kong and international financial markets. In view of the challenges ahead, the Company will cautiously monitor the operating environment of its business segments while keeping abreast of the business opportunities available, particularly those with potential to collaborate with the businesses of the Group.

OTHER INFORMATION

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

Save as disclosed above, as at 31 March 2020, none of the Directors or the chief executive of the Company have any interests and short positions 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.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Save as disclosed above, as at 31 March 2020, 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

Saved as disclosed above, as at 31 March 2020, 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) 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 5% 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 interest	Number of ordinary Shares held	Number of underlying Shares held	Percentage of shareholding in the Company (Note)
Mega Trillion International Corporation	Corporate owner	20,775,000	–	14.28%
Bank of Communications Trustee Limited	Trustee	20,757,500	–	14.27%
Million Pacific Holdings Corporation	Corporate owner	20,387,701	–	14.02%

Note: based on 145,440,151 Shares in issue as at 31 March 2020.

SHARE OPTION SCHEME

The Company may grant share options to eligible participants to subscribe for the Shares under its share option scheme (the “Share Option Scheme”) approved by the shareholders of the Company on 10 June 2011 (the principal terms are set out in the Company’s circular dated 27 April 2011).

No share option was granted under the Share Option Scheme during the Reporting Period and the Company had no share options outstanding as at 31 March 2020.

DIRECTORS’ INTERESTS 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 businesses of the Group or has any other conflicts of interest with the Group during the Reporting Period.

COMPLIANCE WITH CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms not less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has made enquiry to all Directors and each of them has confirmed that he/she has complied with the required standard of dealings and its code of conduct concerning securities transactions by the Directors 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

As at the date of this announcement, the audit committee of the Board (the “Audit Committee”) comprises four 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. Cheung Yin Keung, Mr. Hong Bingxian and Mr. Huang Zhe. 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 Results and was of the opinion that the preparation of the Results is complied with applicable accounting standards, the GEM Listing Rules and that adequate disclosures had been made.

By order of the Board
IR RESOURCES LIMITED
He Xuemei
Chairperson

Hong Kong, 12 May 2020

As at the date of this announcement, the Board comprises two executive Directors, namely, Ms. He Xuemei (chairperson) and Mr. Chan Ching Hang, one non-executive Director, namely, Ms. He Lamei, and four independent non-executive Directors, namely, Ms. Pang King Sze, Rufina, Mr. Cheung Yin Keung, Mr. Hong Bingxian and Mr. Huang Zhe.

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>.