



IR RESOURCES LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 8186)

2016

1st Quarterly Report



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

GEM is positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and there is no assurance that there will be a liquid market in the securities traded on GEM.

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This report, 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 report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

SUMMARY

- Revenue of the Company and its subsidiaries (“the Group”) for the three months ended 31 March 2016 (the “Reporting Period”) amounted to HK\$15.1 million (2015: Nil).
- Consolidated loss and loss attributable to equity holders of the Company for the Reporting Period amounted to HK\$19.6 million (2015: Loss of HK\$9.5 million) and the basic and diluted loss per share (the “Share”) attributable to equity holders of the Company for the Reporting Period was HK0.75 cents (2015: HK0.36 cents).
- The Board does not recommend the payment of any dividend for the Reporting Period (2015: Nil).

FIRST QUARTERLY RESULTS (UNAUDITED)

The Board hereby announces the unaudited condensed consolidated results of the Group for the Reporting Period (the “Results”), together with the unaudited comparative figures for the corresponding period in 2015, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	For the three months ended 31 March	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
CONTINUING OPERATIONS			
Revenue	2	15,148	—
Cost of sales		(11,610)	—
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Gross profit		3,538	—
Other income and gains		1,522	583
Administrative expenses		(15,768)	(3,649)
Finance costs	3	(8,346)	(6,403)
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Loss before tax		(19,054)	(9,469)
Income tax expenses	4	(584)	—
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LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		(19,638)	(9,469)

	Notes	For the three months ended 31 March	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
DISCONTINUED OPERATION			
Share of loss of associates		—	(1)
LOSS FOR THE PERIOD		(19,638)	(9,470)
Loss attributable to:			
Equity holders of the Company		(19,638)	(9,470)
Non-controlling interests		—	—
		(19,638)	(9,470)
Basic loss per Share (HK cents)			
	5		
For loss for the period		(0.75)	(0.36)
For loss from continuing operations		(0.75)	(0.36)
Diluted loss per Share (HK cents)			
	5		
For loss for the period		(0.75)	(0.36)
For loss from continuing operations		(0.75)	(0.36)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the three months ended 31 March	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
LOSS FOR THE PERIOD	(19,638)	(9,470)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	—	233
Less: Income tax effect	—	—
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	—	233
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(19,638)	(9,237)
Attributable to:		
Equity holders of the Company	(19,638)	(9,237)
Non-controlling interests	—	—
	(19,638)	(9,237)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. 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 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.

2. REVENUE

Revenue recognised during the period is analysed as follows:

	For the three months ended 31 March	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Sales of wood and agricultural produce	15,148	—

3. FINANCE COSTS

	For the three months ended 31 March	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Interest on loans from a third party	8,319	6,403
Interest on loan from a financial institution	27	—
	8,346	6,403

4. 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 (2015: Nil).

(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 (2015: Nil).

5. 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\$19.6 million (2015: HK\$9.5 million) divided by the weighted average number of 2,623,950,965 (2015: 2,623,950,965) ordinary Shares in issue during the three months ended 31 March 2016 and 2015.

Diluted loss per Share equals to basic loss per Share as there were no potential dilutive ordinary shares outstanding during the three months ended 31 March 2016 and 2015.

6. DIVIDENDS

The Board does not recommend the payment of any dividend for the Reporting Period (2015: Nil).

7. RESERVES

	Attributable to equity holders of the Company					Non-controlling interests HK\$'000	Total equity HK\$'000
	Share premium HK\$'000	Contributed surplus HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000		
At 1 January 2015 (audited)	972,987	5,265	(559)	(894,957)	82,736	(3)	82,733
Loss for the period	—	—	—	(9,470)	(9,470)	—	(9,470)
Other comprehensive income for the period:							
Exchange differences on translation of foreign operations	—	—	233	—	233	—	233
Total comprehensive income for the period	—	—	233	(9,470)	(9,237)	—	(9,237)
At 31 March 2015 (unaudited)	972,987	5,265	(326)	(904,427)	73,499	(3)	73,496
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	—	—	—	(19,638)	(19,638)	—	(19,638)
At 31 March 2016 (unaudited)	972,987	5,265	(562)	(949,678)	28,012	—	28,012



FINANCIAL AND BUSINESS REVIEW

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

Revenue of the Group for the Reporting Period amounted to HK\$15.1 million (2015: Nil) 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\$19.6 million (2015: HK\$9.5 million). The increase in loss for the Reporting Period was mainly attributable to (i) the increase in staff cost 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 the certain loans of the Group; and (iii) the increase in salaries and bonus payments to management and staff.

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.

EVENTS AFTER THE REPORTING PERIOD

Subsequent to the Reporting Period, the Group had the following material events:

On 8 April 2016, the Company entered into a framework agreement (the “Framework Agreement”) with an independent third party (the “Solar Power Operator”) in relation to its proposed strategic cooperation with the Solar Power Operator for the expansion of the Group’s resources and logistics business segment to cover the green resource business. Details of the Framework Agreement were disclosed in the Company’s announcement dated 8 April 2016.

In February 2016, the Company announced that it proposed a capital reorganisation (the “Capital Reorganisation”) (involving capital reduction, the reduction of share premium and elimination of accumulated losses) and entered into an underwriting agreement with an underwriter to raise approximately HK\$262 million (before expenses) by way of a rights issue (the “Rights Issue”) for the purposes of general working capital and debt repayment, which are subject to the resolutions passed at the special general meeting (“SGM”). Following the resolutions passed at the SGM held on 20 April 2016, the Capital Reorganisation and Rights Issue have been approved at the SGM. The Capital Reorganisation has become effective on 21 April 2016 and the Rights issue will be implemented in accordance with the timetable as set out in the prospectus dated 5 May 2016.

RESUMPTION OF TRADING IN THE SHARES

Trading in the Shares has been resumed on 26 February 2016.

RECENT DEVELOPMENT AND PROSPECTS

Looking forward, the Group will (i) continue to implement strategies to strengthen its forestry and agricultural business; (ii) re-activate and expand its resources and logistics business; (iii) keep abreast appropriate investment/business opportunities which can leverage on the Group’s management resources and expertise and broaden the Group’s income sources. The Group will also seize debt/equity fund raising opportunities to enhance the financial condition of the Group for continuous development.

OTHER INFORMATION

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

As at 31 March 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 ("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	Approximate percentage of shareholding in the Company
Ms. Yu Xiao Min	Interest of controlled corporation	120,000,000	—	4.57%

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Save as disclosed above, as at 31 March 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 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 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 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
China Wah Yan Healthcare Limited and its subsidiaries	Corporate owner	768,698,967	—	29.30%



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.



APPROVAL OF THE FIRST QUARTERLY REPORT 2016

The audit committee of the Company has reviewed this quarterly report for the Reporting Period and was of the opinion that the preparation of such Results complied with applicable accounting standards and the GEM Listing Rules and that adequate disclosure had been made.

By order of the Board

Yu Xiao Min

Chairperson

Hong Kong, 12 May 2016