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IR RESOURCES LIMITED

同仁資源有限公司

(Incorporated in the Bermuda with limited liability)

(Stock Code: 8186)

VERY SUBSTANTIAL DISPOSAL IN RELATION TO THE DISPOSAL OF APPROXIMATELY 17.5% INTEREST IN JUN YANG ENERGY HOLDINGS LIMITED

THE DISPOSAL AND THE SALE AND PURCHASE AGREEMENT

The Company announces that on 27 November 2018, the Vendor, a wholly-owned subsidiary of the Company, together with the Purchaser and the Guarantor, entered into the Sale and Purchase Agreement, pursuant to which the Vendor has conditionally agreed to dispose of and assign, and the Purchaser has agreed to acquire and accept the Sale Shares (representing approximately 17.5% of the issued shares of the Target Company) and the Shareholder Loan respectively for the Consideration. The Target Group is principally engaged in the solar energy business in the PRC. Following Completion, the Group will cease to have any interest in the Target Company.

IMPLICATIONS UNDER THE GEM LISTING RULES

As the relevant percentage ratios (as defined under the GEM Listing Rules) in respect of the Disposal are more than 75%, the Disposal constitutes a very substantial disposal for the Company under the GEM Listing Rules and is subject to the notification, announcement, circular and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

THE DISPOSAL

On 27 November 2018, the Vendor, the Purchaser and the Guarantor entered into the Sale and Purchase Agreement, pursuant to which the Vendor has conditionally agreed to dispose of and assign, and the Purchaser has agreed to acquire and accept the Sale Shares (representing approximately 17.5% of the issued shares of the Target Company) and the Shareholder Loan respectively for the Consideration.

The principal terms of the Sale and Purchase Agreement are set out below.

THE SALE AND PURCHASE AGREEMENT

Date

27 November 2018

Parties to the Sale and Purchase Agreement

- (i) the Purchaser, as the purchaser;
- (ii) the Vendor, as the vendor; and
- (iii) the Guarantor, as the guarantor.

Assets disposed of

The Target Group is principally engaged in the solar energy business, including the development, construction, operation and maintenance of solar power station projects in the PRC. Pursuant to the Sale and Purchase Agreement, the Vendor has agreed to dispose of and assign, and the Purchaser has agreed to acquire and accept the Sale Shares and the Shareholder Loan respectively. As at 31 December 2017, the Group's equity interest in the Target Company and the Shareholder Loan had an aggregate audited carrying amount of HK\$27.3 million and were accounted for as the Group's available-for-sale investments (the results of which are not consolidated into the consolidated financial statements of the Group). For each of the years ended 31 December 2016 and 2017, the Target Group recorded (i) profit before and after taxation of HK\$11.6 million and HK\$11.2 million respectively; and (ii) loss before and after taxation of HK\$44.0 million and HK\$44.5 million respectively.

Consideration

The consideration (the “Consideration”) for the Sale Shares and the Shareholder Loan amounts to HK\$24,050,000 and is payable by the Purchaser in cash as to (i) HK\$12,000,000 (the “Deposit”) upon execution of the Sale and Purchase Agreement; and (ii) HK\$12,050,000 upon Completion. The Consideration is determined after arm’s length negotiation between the Group and the Purchaser with reference to the carrying amount of the Sale Shares and the Shareholder Loan.

If conditions (a) or (b) of the Sale and Purchase Agreement (as detailed in the paragraph headed “Conditions Precedent” below) has not been fulfilled on or before the Long Stop Date (as defined below), the Sale and Purchase Agreement shall be terminated, and the Vendor will return the Deposit to the Purchaser in full without any interest or deduction within five business days from the date of termination of the Sale and Purchase Agreement. The parties to the Sale and Purchase Agreement agree that in such event, the Group, other than its obligation to return the Deposit, shall not be liable to the Purchaser or the Guarantor for any monetary or non-monetary compensation, losses, damages and/or other consequences suffered or incurred, or claimed to be suffered or incurred, by the Purchaser and/or the Guarantor as a result of or in connection to such termination of the Sale and Purchase Agreement. On the other hand, if Completion does not take place due to any reasons other than the non-fulfilment of the conditions (a) and/or (b) of the Sale and Purchase Agreement (as detailed below), the Deposit shall be forfeited by the Vendor in full as compensation for losses suffered by the Group, which the Purchaser acknowledges and agrees as non-penal, reasonable and proportionate to the protection of the Group’s interest under the Sale and Purchase Agreement.

Guarantee

The Guarantor has agreed to guarantee the performance and observance by the Purchaser of its obligations, commitments and warranties under the Sale and Purchase Agreement.

Conditions precedent

Completion of the Sale and Purchase Agreement is subject to the following conditions precedent being fulfilled or waived (as the case may be):

- (a) all necessary consents, approvals, authorisations or permission on the part of the Vendor or the Company in respect of the transactions contemplated under the Sale and Purchase Agreement having been obtained by the Vendor or the Company and not having been revoked prior to Completion, including but not limited to the approval of the Stock Exchange in respect of any announcements and/or circulars to be issued by the Company in respect of the Disposal;

- (b) approval by the Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder having been obtained at the SGM;
- (c) all necessary filings, consents, approvals, authorisation, waivers or permission in respect of the transactions contemplated under the Sale and Purchase Agreement having been obtained or performed by the Purchaser or the Guarantor and not having been revoked prior to Completion, including but not limited to the approvals, waivers or consents that are to be obtained from or by the Target Company (if applicable);
- (d) the Purchaser having provided to the Vendor and the Company all the necessary information and/or confirmation relating to the Target Group that are (whether financial or otherwise) necessary or reasonably required by the Vendor and the Company for the purpose of the Sale and Purchase Agreement and the transactions contemplated thereunder;
- (e) the warranties given by each of the Purchaser and the Guarantor in the Sale and Purchase Agreement remaining true and accurate and not misleading in any respect;
- (f) each of the Purchaser and the Guarantor having performed and complied with all agreements, obligations and conditions contained in the Sale and Purchase Agreement that are required to be performed or complied with by it on or before Completion; and
- (g) the warranties given by the Vendor (as set out in the Sale and Purchase Agreement) remaining true and accurate and not misleading in any respect.

None of the Vendor and the Purchaser shall have the right to waive any of the conditions (a) and (b). The Vendor may at its discretion waive the conditions (c), (d), (e) and/or (f); and the Purchaser may at its discretion waive the condition (g). If any of the above conditions has not been satisfied or waived by the Vendor (in respect of conditions (c), (d), (e) and/or (f)) on or before 31 March 2019 (or such later date as the parties to the Sale and Purchase Agreement may agree in writing, the “Long Stop Date”), the Sale and Purchase Agreement shall terminate and no party to the Sale and Purchase Agreement shall have any claim against the other, except in respect of any antecedent breach of the terms of the Sale and Purchase Agreement.

Completion

Completion shall take place within five business days after the date on which the last condition precedent to the Sale and Purchase Agreement having been fulfilled (or waived), or such later date as may be agreed between the parties of the Sale and Purchase Agreement. Following Completion, the Group will cease to have any interest in the Target Company. Based on (i) the Consideration; (ii) the aggregate audited carrying amount of the Group’s equity interest in the Target Company and the Shareholder Loan of HK\$27.3 million as at 31 December 2017; and (iii) the re-classification of the Group’s interest in the Target Group as unlisted equity investment at fair value through other comprehensive income and stated at fair value, it is estimated that the Group will record a loss on disposal of HK\$1.8 million. However, the actual gain or loss in respect of the Disposal to be recorded by the Group will be subject to the then financial position of the Target Group upon Completion.

Save for the Disposal, the Company does not have any intention as at the date of this announcement to dispose of any of its existing businesses or other material assets in the next 12 months.

INFORMATION ON THE COMPANY AND THE VENDOR

The Group is principally engaged in (i) the forestry and agricultural business; (ii) financial services business; and (iii) the logistics business. The Vendor is an investment company and a wholly-owned subsidiary of the Company.

INFORMATION ON THE PURCHASER AND THE GUARANTOR

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquires, the Purchaser is a company principally engaged in investment holding and save that the Guarantor is a director of the Target Company and certain group companies of the Target Group, the Purchaser and the Guarantor are third parties independent of and not connected persons (as defined under the GEM Listing Rules) of the Company.

REASONS FOR AND BENEFITS OF THE DISPOSAL AND THE USE OF PROCEEDS FROM THE DISPOSAL

As it is the redefined development strategy of the Group to focus on development of its principal businesses, the Directors considered that the Disposal would represent an opportunity for the Group to realise its investment in the Target Company and the net proceeds from the Disposal will enhance the working capital condition of the Group and enable it to allocate more resources to develop its principal businesses. Accordingly, the Directors are of the view that the terms of the Sale and Purchase Agreement are fair and reasonable and on normal commercial terms and the entering into of the Sale and Purchase Agreement is in the interests of the Company and its shareholders as a whole.

The Group intends to apply the proceeds from the Disposal for the purpose of general working capital and potential investment opportunities. However, as at the date of this announcement, the Company has not identified and negotiated for any potential investment and therefore has not identified any specific use of the proceeds from the Disposal.

IMPLICATIONS UNDER THE GEM LISTING RULES

As the relevant percentage ratios (as defined under the GEM Listing Rules) in respect of the Disposal are more than 75%, the Disposal constitutes a very substantial disposal for the Company under the GEM Listing Rules and is subject to the notification, announcement, circular and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

GENERAL

The SGM will be convened and held for the Shareholders to consider and, if thought fit, to approve, among other things, the Disposal.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder has a material interest in the Disposal. As such, no Shareholder is required to abstain from voting at the SGM in respect of the resolution approving the Disposal.

A circular containing, among other things, further information on the Disposal, the Sale and Purchase Agreement and the transactions contemplated thereunder and other information as required under the GEM Listing Rules, together with a notice of the SGM and a form of proxy will be despatched to the Shareholders on or before 12 December 2018.

Completion is subject to the satisfaction of the conditions precedent to the Sale and Purchase Agreement and therefore the Disposal may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

DEFINITIONS

Unless the context otherwise requires, the following terms used in this announcement shall have the following meanings when used herein:

“Company”	IR Resources Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on GEM of the Stock Exchange
“Completion”	completion of the Disposal pursuant to the terms and conditions of the Sale and Purchase Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the proposed transactions including but not limited to the disposal of the Sale Shares and the assignment of the Shareholder Loan pursuant to the terms and conditions of the Sale and Purchase Agreement
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“Guarantor”	the sole ultimate beneficial owner of the Purchaser

“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	a company wholly-owned by a director of the Target Company
“Sale Shares”	the 6,224 issued ordinary shares of the Target Company (representing approximately 17.5% of the total issued share capital of the Target Company as at the date of the Sale and Purchase Agreement)
“Sale and Purchase Agreement”	the sale and purchase agreement dated 27 November 2018 entered into among the Vendor, the Purchaser and the Guarantor in respect of the Disposal
“SGM”	the special general meeting of the Company to be convened and held to consider and, if thought fit, approve the Disposal
“Shareholder(s)”	the holders of the issued shares of the Company
“Shareholder Loan”	the shareholder loan outstanding and owing to the Vendor by the Target Company as of the date of Completion (which amounted to US\$1,750,000 (equivalent to approximately HK\$13,585,250) as at the date of the Sale and Purchase Agreement)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Jun Yang Energy Holdings Limited, a company incorporated in the Cayman Islands with limited liability
“Target Group”	the Target Company and its subsidiaries and associates
“Vendor”	a wholly-owned subsidiary of the Company

By Order of the board of Directors of
IR Resources Limited
Chan Ching Hang
Chairman

Hong Kong, 27 November 2018

As at the date of this announcement, the board of Directors comprises two executive Directors, namely Mr. Chan Ching Hang and Mr. Zeng Lingchen; and three independent non-executive Directors, namely, Mr. Hong Bingxian, Mr. Kenneth Hung and Ms. Pang King Sze, Rufina.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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 herein or this announcement misleading.

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>.