



## **IR Resources Limited**

**同仁資源有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 8186)**

### **2019 FIRST QUARTERLY RESULTS**

#### **CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate small and mid-sized 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.**

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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 2019 (the “Reporting Period”), together with the unaudited comparative figures for the corresponding period in 2018, as follows:

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the three months ended 31 March	
		2019	2018
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Revenue</b>	3	5,923	6,110
Cost of sales		<u>(5,011)</u>	<u>(4,736)</u>
Gross profit		912	1,374
Other income and gains		277	422
Administrative expenses		(6,161)	(10,654)
Net (loss)/gain on equity investments at fair value through profit or loss	4	(90)	72
Finance costs	5	(344)	(910)
Share of profit/(loss) of associates		<u>163</u>	<u>(2)</u>
<b>Loss before tax</b>		(5,243)	(9,698)
Income tax expenses	6	<u>(136)</u>	<u>(137)</u>
<b>LOSS FOR THE PERIOD</b>		<u><u>(5,379)</u></u>	<u><u>(9,835)</u></u>
<b>Loss attributable to:</b>			
Ordinary equity holders of the Company		(5,218)	(8,185)
Non-controlling interests		<u>(161)</u>	<u>(1,650)</u>
		<u><u>(5,379)</u></u>	<u><u>(9,835)</u></u>
<b>Loss per Share attributable to ordinary equity holders of the Company (<i>HK cents</i>)</b>			
Basic	7	(0.63)	(0.98)
Diluted		<u>(0.63)</u>	<u>(0.98)</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	<b>For the three months ended 31 March</b>	
	<b>2019</b>	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>LOSS FOR THE PERIOD</b>	<u>(5,379)</u>	<u>(9,835)</u>
<b>OTHER COMPREHENSIVE INCOME</b>		
<b>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</b>		
Fair value gain on equity investment at fair value through other comprehensive income (non-recycling)	226	—
<b>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</b>		
Exchange differences on translation of foreign operations	—	14
<i>Less:</i> Income tax effect	<u>—</u>	<u>—</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>	<u>226</u>	<u>14</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<u><u>(5,153)</u></u>	<u><u>(9,821)</u></u>
<b>Attributable to:</b>		
Ordinary equity holders of the Company	(4,992)	(8,171)
Non-controlling interests	<u>(161)</u>	<u>(1,650)</u>
	<u><u>(5,153)</u></u>	<u><u>(9,821)</u></u>

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED RESULTS

### 1. CORPORATE AND GROUP INFORMATION

IR Resources Limited (the “Company”, together with its subsidiaries, the “Group”) 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 26/F., Times Tower, 391–407 Jaffe Road, Wanchai, Hong Kong. The shares (the “Shares”) of the Company are listed on GEM.

The Group is principally 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 (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 equity investment at fair value through other comprehensive income and 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 2018, 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	
	2019	2018
	HK\$’000	HK\$’000
<b>Revenue from contracts with customers:</b>		
Sales of wood and agricultural products	5,838	5,516
Loan interest income arising from financial services business	85	213
Brokerage commission income	—	19
Related service fee income arising from provision of financial information services	—	362
	<u>5,923</u>	<u>6,110</u>

*Disaggregated revenue information*

	<b>Sales of wood and agricultural products</b>	<b>Loan interest income</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Timing of revenue recognition</i>			
Goods transferred at a point in time	5,838	—	5,838
Loan interest income over time	—	85	85
	<hr/>	<hr/>	<hr/>
Total revenue from contracts with customers	<u>5,838</u>	<u>85</u>	<u>5,923</u>

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

For the Reporting Period, the Group did not record any realized loss from disposal of listed securities (2018: Nil) and an unrealised loss arising from change in fair value of the listed securities of HK\$90,000 (2018: gain of HK\$72,000) based on the price of the listed securities as at 31 March 2019. The Group did not receive any dividend from its listed investments during the Reporting Period.

**5. FINANCE COSTS**

	<b>For the three months ended 31 March</b>	
	<b>2019</b>	<b>2018</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on other borrowing	176	170
Loan interest to a financial institution	168	167
Imputed interest on convertible bond	—	573
	<hr/>	<hr/>
	<u>344</u>	<u>910</u>

## **6. 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.

## **7. LOSS PER SHARE**

The calculations of basic and diluted loss per Share are based on the unaudited consolidated loss attributable to ordinary equity holders of the Company, being HK\$5.2 million (2018: HK\$8.2 million) divided by the weighted average number of 831,261,212 (2018: 831,261,212) 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 and for the three months ended 31 March 2018 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 (2018: 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	Other reserve	Share option reserve	Equity component of convertible bond	Available-for-sale investment revaluation reserve	Fair value reserve (recycling)	Fair value reserve (non-recycling)	Exchange reserve	Accumulated losses	Sub-Total	Non-controlling interests	Total
	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
<b>At 1 January 2018 (audited)</b>	265,213	(9,889)	4,930	3,931	291	—	—	(668)	(242,288)	21,520	7,304	28,824
Effect of adoption of HKFRS 9:												
— Reclassification upon initial application	—	—	—	—	(291)	291	—	—	—	—	—	—
— Revaluation upon initial application	—	—	—	—	—	—	8,038	—	—	8,038	—	8,038
— Remeasurement of the expected credit loss	—	—	—	—	—	—	—	—	(37)	(37)	(82)	(119)
<b>At 1 January 2018 (restated)</b>	265,213	(9,889)	4,930	3,931	—	291	8,038	(668)	(242,325)	29,521	7,222	36,743
Loss for the period	—	—	—	—	—	—	—	—	(8,185)	(8,185)	(1,650)	(9,835)
Exchange differences on translation of foreign operations	—	—	—	—	—	—	—	14	—	14	—	14
<b>Total comprehensive income for the period</b>	—	—	—	—	—	—	—	14	(8,185)	(8,171)	(1,650)	(9,821)
<b>At 31 March 2018 (unaudited)</b>	<u>265,213</u>	<u>(9,889)</u>	<u>4,930</u>	<u>3,931</u>	<u>—</u>	<u>291</u>	<u>8,038</u>	<u>(654)</u>	<u>(250,510)</u>	<u>21,350</u>	<u>5,572</u>	<u>26,922</u>
<b>At 1 January 2019 (audited)</b>	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
<b>Total comprehensive income for the period</b>	—	—	—	—	—	—	226	—	(5,218)	(4,992)	(161)	(5,153)
Release of fair value reserve upon disposal of equity investment at fair value through other comprehensive income (non-recycling)	—	—	—	—	—	—	3,621	—	(3,621)	—	—	—
Cancellation of share options	—	—	(493)	—	—	—	—	—	493	—	—	—
<b>At 31 March 2019 (unaudited)</b>	<u>265,213</u>	<u>(9,889)</u>	<u>4,437</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(548)</u>	<u>(284,677)</u>	<u>(25,464)</u>	<u>(253)</u>	<u>(25,717)</u>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL REVIEW**

The Group is principally 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\$5.9 million (2018: HK\$6.1 million) and was mainly derived from the forestry and agricultural business and the financial services business.

The consolidated loss attributable to ordinary equity holders of the Company for the Reporting Period amounted to HK\$5.2 million (2018: HK\$8.2 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 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.

### **RECENT DEVELOPMENT AND EVENTS AFTER THE REPORTING PERIOD**

In April 2019, the Company completed a subscription of 166,200,000 new Shares under the general mandate at the subscription price of HK\$0.05 per new Share, with net proceeds of approximately HK\$8.1 million.

In April 2019, the Company announced a share consolidation on the basis that every eight issued and unissued existing Shares will be consolidated into one consolidated Share. The share consolidation is subject to the approval of the shareholders at the special general meeting to be held on 16 May 2019.

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

### **PROSPECTS**

The Company anticipates that the ongoing Sino-United States trade war will continue to impose uncertainties on the worldwide economy and adversely affect the sentiment of the Hong Kong and global financial markets. At the same time, the Group's forestry and agricultural business will continue to be affected by the stringent administrative policies of the Cambodian government and remain as the subject of the environmental protection and forestland preservation concern. In view of the challenges ahead, the Company will

cautiously monitor the operating environment of its business segments and keep abreast of the investment opportunities available, particularly those with growth potential and/or can collaborate with the businesses of the Group.

## OTHER INFORMATION

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

As at 31 March 2019, 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 of Directors	Capacity of interest	Number of Ordinary Shares held	Number of underlying Shares held (Note 1)	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 (Note 3)	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 at 31 March 2019.
3. Mr. Kenneth Hung resigned as an independent non-executive Director on 10 April 2019.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Save as disclosed above, as at 31 March 2019, 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 2019, 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 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 shareholder	Capacity of interest	Number of Ordinary Shares held	Number of underlying Shares held	Percentage of shareholding in the Company (Note)
Million Pacific Holdings Corporation	Corporate owner	163,101,612	—	19.62%

Note: based on 831,261,212 Shares in issue as at 31 March 2019.

## 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	Number of share options					% of shareholding in the Company (Note 2)
				As 1 January 2019	Granted during the period	Exercised during the period	Lapsed/ cancelled during the period	At 31 March 2019	
Directors	10-11-2017	10-11-2017 to 9-11-2019	HK\$0.099	10,806,395	—	—	—	10,806,395 (Note 1)	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	—	—	(8,312,612)	41,563,060	5%
	13-11-2017	13-11-2017 to 12-11-2019	HK\$0.099	1,662,523	—	—	—	1,662,523	0.2%
				<u>83,126,121</u>	<u>—</u>	<u>—</u>	<u>(8,312,612)</u>	<u>74,813,509</u>	

Notes:

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

Name of Directors	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 (Note 3)	Beneficial owner	—	831,261	0.1%
Ms. Pang King Sze, Rufina	Beneficial owner	—	831,261	0.1%
			<u>10,806,395</u>	

2. based on 831,261,212 Shares in issue as at 31 March 2019.

3. Mr. Kenneth Hung resigned as an independent non-executive Director on 10 April 2019.

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' 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**

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. Cheung Yin Keung and Mr. Hong Bingxian. 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 and was of the opinion that the preparation of the Company’s quarterly results is complied with applicable accounting standards, the GEM Listing Rules and that adequate disclosures had been made.

By order of the Board of  
**IR RESOURCES LIMITED**  
**Chan Ching Hang**  
*Chairman*

Hong Kong, 9 May 2019

*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. Cheung Yin Keung, Mr. Hong Bingxian 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>.*