



IR Resources Limited

同仁資源有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 8186)

2019 INTERIM RESULTS

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

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This announcement, for which the board (the “Board”) of the 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 beliefs, 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.

The Board would like to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “Group”) for the three months and the six months ended 30 June 2019 together with the comparative unaudited figures for the corresponding periods in 2018, as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
Revenue	2	7,704	6,309	13,627	12,419
Cost of sales		<u>(6,648)</u>	<u>(4,838)</u>	<u>(11,659)</u>	<u>(9,574)</u>
Gross profit		1,056	1,471	1,968	2,845
Other income and gains	4	1,487	(27)	1,764	395
Selling and distribution expenses		—	(281)	—	(281)
Administrative expenses		(5,167)	(11,224)	(11,328)	(21,878)
Net loss on equity investment at fair value through profit or loss		(182)	(738)	(272)	(666)
Finance costs	5	(346)	(961)	(690)	(1,871)
Share of results of associates		—	(2,342)	163	(2,344)
Loss before tax	5	(3,152)	(14,102)	(8,395)	(23,800)
Income tax expenses	6	<u>(158)</u>	<u>(137)</u>	<u>(294)</u>	<u>(274)</u>
LOSS FOR THE PERIOD		<u>(3,310)</u>	<u>(14,239)</u>	<u>(8,689)</u>	<u>(24,074)</u>
Loss attributable to:					
Ordinary equity holders of the Company		(3,340)	(13,900)	(8,558)	(22,085)
Non-controlling interests		<u>(30)</u>	<u>(339)</u>	<u>(131)</u>	<u>(1,989)</u>
		<u>(3,310)</u>	<u>(14,239)</u>	<u>(8,689)</u>	<u>(24,074)</u>
Loss per share attributable to the ordinary equity holders of the Company (HK cents)	7		<i>(Restated)</i>		<i>(Restated)</i>
Basic		(2.81)	(13.38)	(7.68)	(21.25)
Diluted		<u>(2.81)</u>	<u>(13.38)</u>	<u>(7.68)</u>	<u>(21.25)</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME**

	For the three months ended 30 June		For the six months ended 30 June	
	2019	2018	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
LOSS FOR THE PERIOD	(3,310)	(14,239)	(8,689)	(24,074)
OTHER COMPREHENSIVE INCOME				
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:				
Revaluation of unlisted equity investment at fair value through other comprehensive income (non-recycling)	—	(1,492)	226	(1,492)
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Release of fair value reserve relating to debt investment at fair value through other comprehensive income (recycling)	—	291	—	291
Exchange differences on translation of foreign operations	(2)	80	(2)	94
Less: Income tax effect	—	—	—	—
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	(2)	(1,121)	224	(1,107)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(3,312)	(15,360)	(8,465)	(25,181)
Attributable to:				
Ordinary equity holders of the Company	(3,342)	(15,021)	(8,334)	(23,192)
Non-Controlling interests	30	(339)	(131)	(1,989)
	(3,312)	(15,360)	(8,465)	(25,181)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	At 30 June 2019 <i>HK\$'000</i> (Unaudited)	At 31 December 2018 <i>HK\$'000</i> (Audited)
Non-current assets			
Property, plant and equipment	9	6,402	5,860
Intangible assets	9	500	500
Interests in associates		<u>13,383</u>	<u>11,477</u>
Total non-current assets		<u>20,285</u>	<u>17,837</u>
Current assets			
Inventories		179	242
Trade receivables	10	11,361	13,799
Equity investment at fair value through other comprehensive income	11	—	23,424
Equity investment at fair value through profit or loss	12	574	846
Prepayments, other receivables, and other assets		12,584	21,138
Cash held on behalf of customers		6	52
Cash and bank balances		<u>40,919</u>	<u>28,168</u>
Total current assets		<u>65,622</u>	<u>87,669</u>
Current liabilities			
Trade payables	13	1,168	4,198
Other loan, other payables and accruals		34,461	51,521
Other borrowing		8,000	8,000
Tax payables		<u>4,179</u>	<u>3,886</u>
Total current liabilities		<u>47,808</u>	<u>67,605</u>
Net current assets		<u>17,814</u>	<u>20,064</u>
Total assets less current liabilities		<u>38,099</u>	<u>37,901</u>
Non-current liability			
Other loan	14	<u>17,255</u>	<u>16,902</u>
Total non-current liability		<u>17,255</u>	<u>16,902</u>
Net assets		<u>20,844</u>	<u>20,999</u>
EQUITY			
Share capital	15	49,873	41,563
Reserves		<u>(28,806)</u>	<u>(20,472)</u>
Total equity attributable to:			
Ordinary equity holders of the Company		21,067	21,091
Non-controlling interests		<u>(223)</u>	<u>(92)</u>
Total Equity		<u>20,844</u>	<u>20,999</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim results have been prepared in accordance with the applicable disclosure requirements of the GEM Listing Rules and Hong Kong Accounting Standard 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The unaudited condensed consolidated interim results have been prepared in accordance with the same accounting policies adopted in the annual consolidated financial statements for the year ended 31 December 2018.

In the current period, the Group has adopted the following new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 January 2019. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards (“HKASs”) and Interpretations.

HKFRS 16	Lease
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycles

The adoption of the new and revised HKFRSs in the current period has had no material impact on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these unaudited condensed consolidated interim results.

2. REVENUE

Revenue recognised during the period is analysed as follows:

	For the three months ended 30 June		For the six months ended 30 June	
	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Revenue from contracts with customers:				
Sales of wood and agricultural products	7,703	5,644	13,541	11,160
Brokerage commission income	—	18	—	37
Interest income from margin financing	—	264	—	477
Loan interest income	1	28	86	28
Related service fee income arising from provision of financial information service	—	355	—	717
	<u>7,704</u>	<u>6,309</u>	<u>13,627</u>	<u>12,419</u>

Disaggregated revenue information

	For the three months ended 30 June 2019			For the six months ended 30 June 2019		
	Sales of wood and agricultural products <i>HK\$'000</i>	Loan interest income <i>HK\$'000</i>	Total <i>HK\$'000</i>	Sales of wood and agricultural products <i>HK\$'000</i>	Loan interest income <i>HK\$'000</i>	Total <i>HK\$'000</i>
<i>Timing of revenue recognition</i>						
Goods transferred at a point of time	7,703	—	7,703	13,541	—	13,541
Loan interest income over time	—	1	1	—	86	86
Total revenue from contracts with customers	<u>7,703</u>	<u>1</u>	<u>7,704</u>	<u>13,541</u>	<u>86</u>	<u>13,627</u>

3. OPERATING SEGMENT INFORMATION

During the period, the Group's business is organised into business units based on their products and services for management purpose and the Group has the following reportable operating segments:

- the sale of wood and agricultural products and the timber logging and plantation business (the "Forestry and Agricultural Business");
- the securities brokerage and trading, asset management and loan financing (the "Financial Services Business");

- (c) the provision of services in the development and upgrading of cultural related applications (the “Cultural Business”); and
- (d) the logistics business (the “Logistics Business”).

The management of the Company monitors the results of the Group’s operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment results, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Group’s profit or loss before tax except interest income, finance costs, head office and corporate expenses which are excluded from such measurement.

Segment assets exclude unallocated head office and corporate assets as these assets are managed on a group basis. Segment liabilities exclude unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Operating Segment Information

Segment revenue and results

For the six months ended 30 June 2019 (Unaudited)

	Forestry and Agricultural Business <i>HK\$’000</i>	Financial Services Business <i>HK\$’000</i>	Cultural Business <i>HK\$’000</i>	Logistics Business <i>HK\$’000</i>	Total <i>HK\$’000</i>
Segment revenue					
External sales	<u>13,541</u>	<u>86</u>	<u>—</u>	<u>—</u>	<u>13,627</u>
Segment revenue	<u>13,541</u>	<u>86</u>	<u>—</u>	<u>—</u>	<u>13,627</u>
Segment results	<u>498</u>	<u>(1,223)</u>	<u>(1)</u>	<u>(33)</u>	<u>(759)</u>
Unallocated expenses					(7,109)
Share of results from associates					<u>163</u>
Loss before tax and finance costs					(7,705)
Unallocated finance costs					<u>(690)</u>
Loss before tax					(8,395)
Income tax expense					<u>(294)</u>
Loss for the period					<u>(8,689)</u>

For the six months ended 30 June 2018 (Unaudited)

	Forestry and Agricultural Business <i>HK\$'000</i>	Financial Services Business <i>HK\$'000</i>	Cultural Business <i>HK\$'000</i>	Logistics Business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue					
External sales	<u>11,160</u>	<u>1,259</u>	<u>—</u>	<u>—</u>	<u>12,419</u>
Segment revenue	<u>11,160</u>	<u>1,259</u>	<u>—</u>	<u>—</u>	<u>12,419</u>
Segment results	<u>(3,753)</u>	<u>(3,166)</u>	<u>(1,221)</u>	<u>—</u>	<u>(8,140)</u>
Unallocated expenses					(11,445)
Share of results from an associate					<u>(2,344)</u>
Loss before tax and finance costs					(21,929)
Unallocated finance costs					<u>(1,871)</u>
Loss before tax					(23,800)
Income tax expense					<u>(274)</u>
Loss for the period					<u>(24,074)</u>

Segment assets and liabilities

As at 30 June 2019 (Unaudited)

	Forestry and Agricultural Business <i>HK\$'000</i>	Financial Services Business <i>HK\$'000</i>	Cultural Business <i>HK\$'000</i>	Logistics Business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets					
Unallocated assets	19,912	16,583	2,450	26	38,971
Total assets					<u>46,936</u>
Segment liabilities	(47,841)	(684)	(2,849)	—	(51,374)
Unallocated liabilities					<u>(13,689)</u>
Total liabilities					<u>(65,063)</u>

As at 31 December 2018 (Audited)

	Forestry and Agricultural Business	Financial Services Business	Cultural Business	Logistics Business	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment assets	20,230	22,861	2,583	—	45,674
Unallocated assets					<u>59,832</u>
Total assets					<u><u>105,506</u></u>
Segment liabilities	(77,210)	(870)	(2,849)	—	(80,929)
Unallocated liabilities					<u>(3,578)</u>
Total liabilities					<u><u>(84,507)</u></u>

Geographical Information

Revenue from external customers

	For the six months ended 30 June	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	86	1,259
The PRC	<u>13,541</u>	<u>11,160</u>
	<u><u>13,627</u></u>	<u><u>12,419</u></u>

The classification of the revenue arising from (i) the Forestry and Agricultural Business; (ii) the Cultural Business; and (iii) the Logistics Business is based on the location of the customers' operation. The classification of the revenue arising from Financial Services Business is based on the location of stock exchanges of the underlying securities investments made by their clients, the location of the borrowed funds first available to their borrowers, or the location of the client's operation.

4. OTHER INCOME AND GAINS

	For the three months ended 30 June		For the six months ended 30 June	
	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Dividend income from debt investments at fair value through other comprehensive income	—	—	—	412
Bank interest income	1	1	1	4
Reversal of impairment provision of trade receivables	255	88	255	88
Others	1,231	(116)	1,508	(109)
	<u>1,487</u>	<u>(27)</u>	<u>1,764</u>	<u>395</u>

5. LOSS BEFORE TAX

Loss before tax is arrived at after charging:

	For the three months ended 30 June		For the six months ended 30 June	
	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Finance costs:				
Imputed interest on convertible bond	—	645	—	1,218
Interest on loan from a financial institution	169	170	337	337
Interest on other borrowing	177	146	353	316
	<u>346</u>	<u>961</u>	<u>690</u>	<u>1,871</u>
Staff costs (excluding Directors' emoluments):				
Wages and salaries	2,122	5,674	4,341	10,419
Pension scheme contributions	84	117	172	241
	<u>2,206</u>	<u>5,791</u>	<u>4,513</u>	<u>10,660</u>
Other items:				
Auditors' remuneration	272	382	544	656
Depreciation of property, plant and equipment	399	97	740	758
Minimum lease payments under operating lease: land and buildings	417	377	780	859

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.

(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 three months and the six months ended 30 June 2019.

7. LOSS PER SHARE

The calculations of the basic and diluted loss per share for the three months and the six months ended 30 June 2019 are based on the loss attributable to ordinary equity holders of the Company of HK\$3.3 million (2018: HK\$13.9 million) and HK\$8.6 million (2018: HK\$22.1 million) divided by the weighted average of 118,975,234 (2018: 103,907,651 (restated)) ordinary shares and 111,483,066 (2018: 103,907,651 (restated)) ordinary shares for the three months and the six months ended 30 June 2019 respectively.

No adjustment has been made to the basic loss per share amounts presented for the three months and the six months ended 30 June 2019 and 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. DIVIDEND

The Directors do not recommend payment of an interim dividend for the six months ended 30 June 2019 (2018: Nil).

9. MOVEMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

The addition to the property, plant and equipment of the Group during the six months ended 30 June 2019 was HK\$1,282,000 (2018: HK\$508,000).

There was no addition to the intangible assets of the Group during the six months ended 30 June 2019 and 2018 respectively.

10. TRADE RECEIVABLES

	At 30 June 2019 <i>HK\$'000</i> (Unaudited)	At 31 December 2018 <i>HK\$'000</i> (Audited)
Trade receivables	19,061	21,654
Accounts receivables arising from its Financial Services Business:		
— Margin clients' account	1	—
— Cash clients' account	—	—
— Other clients	—	100
Less: Impairment	<u>(7,700)</u>	<u>(7,955)</u>
	<u>11,361</u>	<u>13,799</u>

The impairment provision movements during the period under review are as follows:

	<i>HK\$'000</i>
As at 1 January 2019	7,955
Impairment reversed	<u>(255)</u>
As at 30 June 2019	<u>7,700</u>

An ageing analysis of the trade receivables based on the invoice date and net of provisions is as follows:

	At 30 June 2019 <i>HK\$'000</i> (Unaudited)	At 31 December 2018 <i>HK\$'000</i> (Audited)
Current to 30 days	4,739	—
31 to 60 days	2,964	4,923
61 to 90 days	2,802	2,674
91 to 180 days	<u>856</u>	<u>6,202</u>
	<u>11,361</u>	<u>13,799</u>

The trade receivables are non-interest bearing and are normally settled on 90-day terms.

The account receivables from the margin clients are repayable on demand and interest bearing at the prime lending rate plus 0.1% to 5.5%. The settlement terms of account receivables from cash clients are two days after the trade date. No ageing analysis is disclosed as the ageing analysis does not give additional value in view of the nature of these account receivables. The account receivable from other clients are non-interest bearing and are normally settled on 60-day terms.

11. EQUITY INVESTMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	At 30 June 2019 <i>HK\$'000</i> (Unaudited)	At 31 December 2018 <i>HK\$'000</i> (Audited)
Unlisted equity investment at fair value through other comprehensive income (non-recycling) (Note)	—	23,424

Note:

Balance represented the Group's 17.5% equity interest in a company (the "Solar Power Company", together with its subsidiaries, the "Solar Power Group") engaged in the solar power generation business, and the loan (the "SPC Loan") advanced to it.

In November 2018, the Group, entered into a sale and purchase agreement to dispose (the "Solar Power Disposal") of all its investment in the Solar Power Group (comprising the Group's 17.5% equity interest in the Solar Power Company and the SPC Loan), which is classified as equity investment at fair value through other comprehensive income, at a cash consideration of HK\$24,050,000. The Solar Power Disposal was completed on 31 January 2019. Given that the Solar Power Disposal was completed close to the year end date, the Directors considered that the consideration less cost of disposal of HK\$626,000 amounting to HK\$23,424,000 reflected the fair value of the Group's equity interest in the Solar Power Group (including the SPC Loan) as at 31 December 2018.

12. EQUITY INVESTMENT AT FAIR VALUE THROUGH PROFIT OR LOSS

Balances mainly comprised the Group's investment in securities listed on the Stock Exchange which are stated at market value. For the six months ended 30 June 2019 and 2018, the Group did not record any realized loss from disposal of listed securities but recorded an unrealised loss arising from change in fair value of the listed securities of HK\$272,000 (2018: HK\$666,000) based on the market value of the listed securities as at 30 June 2019. The Group did not receive any dividend from its listed investment during the six months ended 30 June 2019 and 2018.

13. TRADE PAYABLES

	At 30 June 2019 <i>HK\$'000</i> (Unaudited)	At 31 December 2018 <i>HK\$'000</i> (Audited)
Trade payables	1,168	4,164
Trade payables arising from its Financial Services Business		
— Margin clients' account	—	8
— Cash clients' account	—	19
— Clearing house	—	7
	<u>1,168</u>	<u>4,198</u>

The ageing analysis of the trade payables based on invoice date is as follows:

	At 30 June 2019 <i>HK\$'000</i> (Unaudited)	At 31 December 2018 <i>HK\$'000</i> (Audited)
Current to 30 days	1,168	—
31 to 60 days	—	4,164
	<u>1,168</u>	<u>4,164</u>

The accounts payables are non-interest-bearing and are normally settled on 60-day terms.

14. OTHER LOAN

There was a loan in the principal amount of HK\$22,763,000 as at 30 June 2019 (31 December 2018: HK\$22,763,000) with a carrying amount of HK\$17,255,000 (31 December 2018: HK\$16,902,000) from the relevant shareholders of the Forestry and Agricultural Business which is unsecured, interest free and has a term of 10 years.

15. SHARE CAPITAL

	Authorised		Issued and fully paid	
	Number of shares '000	Amount HK\$'000	Number of shares '000	Amount HK\$'000
Ordinary share of HK\$0.05 each at 1 January 2019, audited	4,000,000	200,000	831,261	41,563
Share subscription (note (a))	—	—	166,200	8,310
Share consolidation (note (b))	<u>(3,500,000)</u>	<u>—</u>	<u>(872,779)</u>	<u>—</u>
Ordinary share of HK\$0.4 each at 30 June 2019, unaudited	<u>500,000</u>	<u>200,000</u>	<u>124,682</u>	<u>49,873</u>

Notes:

- (a) In April 2019, the Company completed a subscription of 166,200,000 new shares of the Company by a subscriber under the general mandate at the subscription price of HK\$0.05 per subscription share.
- (b) The shareholders of the Company approved at the special general meeting held on 16 May 2019 that every eight shares of the Company's issued and unissued existing shares with par value of HK\$0.05 each are consolidated into one share with par value of HK\$0.4 each (the "Share Consolidation") with effect from 17 May 2019.

16. OPERATING LEASE COMMITMENTS

As lessee

The Group leases certain of its office properties under operating lease arrangements for terms of one to two years.

At 30 June 2019, the Group had the following future minimum lease payments under non-cancellable operating leases falling due:

	At 30 June 2019 HK\$'000 (Unaudited)	At 31 December 2018 HK\$'000 (Audited)
Within 1 year	981	889
In the second to fifth years, inclusive	<u>304</u>	<u>—</u>
	<u>1,285</u>	<u>889</u>

17. FAIR VALUE AND FAIR VALUE HIERARCHY

The management has assessed that the fair value of the cash and bank balances, trade receivables, equity investment at fair value through other comprehensive income, equity investment at fair value through profit or loss and financial assets included in prepayments, other receivables and other assets, cash held on behalf of customers, trade payables, other borrowing and financial liabilities included in other loan, other payables and accruals, approximate to their carrying amounts largely due to the short term maturity of these instruments.

The fair values of the financial assets are stated at the amount at which the instruments could be exchanged in current transactions between willing parties (other than in a forced or liquidation sale).

Fair value hierarchy

The following table provides an analysis of financial instruments which were measured at fair value at the end of each reporting period for recurring measurement and grouped into Levels 1 to 3 based on the degree to which the fair value is observable in accordance to the Group's accounting policies.

	Fair value		Fair value hierarchy	Valuation technique(s) and key input(s)
	30 June 2019 <i>HK\$'000</i> (Unaudited)	31 December 2018 <i>HK\$'000</i> (Audited)		
Equity investment at fair value through profit or loss	574	846	Level 1	Quoted bid prices in an active market
Equity investment at fair value through other comprehensive income	—	23,424	Level 3	Valuation techniques

There was no transfers among the different levels of the fair value hierarchy for the six months ended 30 June 2019 and the year ended 31 December 2018.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in this unaudited condensed consolidated interim results approximate their fair value.

18. EVENTS AFTER THE REPORTING PERIOD

At the special general meeting held on 2 July 2019, the shareholders of the Company approved the capital reorganisation which involved: (a) the reduction of issued share capital of the Company by cancelling the paid up capital of the Company to the extent of HK\$0.39 on each existing share such that the par value of each existing share will be reduced from HK\$0.40 to HK\$0.01; (b) the reduction of authorised share capital of the Company such that the par value of all its shares will be reduced from HK\$0.40 to HK\$0.01 which will result in the authorised share capital of the Company being reduced from HK\$200,000,000 divided into 500,000,000 existing shares of par value of HK\$0.40 each to HK\$5,000,000 divided into 500,000,000 new shares of par value of HK\$0.01 each; (c) the increase in the authorised share capital from HK\$5,000,000 divided into 500,000,000 new shares to HK\$200,000,000 divided into 20,000,000,000 new shares; (d) the transfer of the credit balance arising from such reduction to the contribution surplus account of the Company; and (e) the set-off of credit balance in contribution surplus account against accumulated losses of the Company.

Save as disclosed above, as at the date of this announcement, the Group does not have any material event after the end of the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial and Business Overview

The Group is principally engaged in (i) the Forestry and Agricultural Business; (ii) the Financial Business; (iii) the Cultural Business; and (iv) the Logistics Business.

The revenue of the Group for the six months ended 30 June 2019 amounted to HK\$13.6 million (2018: HK\$12.4 million). The consolidated loss attributable to the ordinary equity holders of the Company decreased from HK\$22.1 million for the six months ended 30 June 2018 to HK\$8.6 million for the six months ended 30 June 2019 and was attributable to the decrease in administrative expenses and finance costs. The basic and diluted loss per share for the six months ended 30 June 2019 was HK7.68 cents (2018: HK21.25 cents (restated)).

The Group mainly operates in Hong Kong, Southeast Asia 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 the weather conditions, natural hazards, illegal loggings and the price fluctuations of wood and agricultural products.

FINANCIAL RESOURCES, BORROWINGS AND LIQUIDITY

During the six months ended 30 June 2019, the net cash outflow from operating activities amounted to HK\$16.7 million (2018: HK\$29.0 million) and the net cash inflow from investing activities amounted to HK\$20.8 million (2018: outflow of HK\$1.5 million) and net cash inflow from financing activities was HK\$8.6 million (2018: HK\$1.9 million). As a result of the cumulative effect described above, the Group recorded a net cash inflow of HK\$12.7 million (2018: outflow of HK\$25.7 million) during the period.

As at 30 June 2019, the Group had total assets of HK\$85.9 million (31 December 2018: HK\$105.5 million) and total liabilities of HK\$65.1 million (31 December 2018: HK\$84.5 million). The Group's gearing ratio (calculated as percentage of the Group's total liabilities to total assets) at 30 June 2019 was 76% (31 December 2018: 80.1%). As at 30 June 2019, the Group did not have any outstanding bank borrowings (31 December 2018: Nil).

As at 30 June 2019, the Group's current assets amounted to HK\$65.6 million (31 December 2018: HK\$87.7 million), of which HK\$40.9 million (31 December 2018: HK\$28.2 million) was cash and bank balances, and current liabilities amounted to HK\$47.8 million (31 December 2018: HK\$67.6 million).

As at 30 June 2019, the net asset value of the Group amounted to HK\$20.8 million (31 December 2018: HK\$21.0 million) and the net asset value per share amounted to HK\$0.19 (31 December 2018: HK\$0.20 (restated)).

CAPITAL COMMITMENT

During the six months ended 30 June 2019, the Group did not have any capital commitment.

SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITIONS AND DISPOSALS

During the six months ended 30 June 2019, the Group did not make any significant investment and any material acquisition/disposal.

CHARGE ON ASSETS OF THE GROUP

As at 30 June 2019, no asset of the Group was pledged.

CONTINGENT LIABILITIES

As at 30 June 2019, the Group and the Company did not have any material outstanding contingent liabilities.

EVENTS AFTER THE REPORTING PERIOD

Details of the events after the reporting period of the Group are disclosed in note 18 to this interim results announcement.

PROSPECTS

The Company anticipates that the 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. The Forestry and Agricultural Business will remain difficult and continue to be affected by the stringent administrative policies of the Cambodian government and continue to be 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.

EMPLOYEES' INFORMATION AND BENEFIT SCHEMES FOR THE EMPLOYEES

As at 30 June 2019, the Group had 55 (31 December 2018: 53) employees. The Group remunerates its employees based on their performance, working experience and the prevailing market conditions.

OTHER INFORMATION

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

As at 30 June 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:

Name of Directors	Capacity 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	—	1,039,076	0.8%
Mr. Hong Bingxian	Beneficial owner	—	103,907	0.1%
Mr. Kenneth Hung ^(Note 3)	Beneficial owner	—	103,907	0.1%
Ms. Pang King Sze, Rufina	Beneficial owner	—	103,907	0.1%

Notes:

1. Represents the share options granted to the Directors under the share option scheme.
2. Based on 124,682,651 shares in issue as of 30 June 2019.
3. Mr. Kenneth Hung resigned as an independent non-executive Director on 10 April 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 six months ended 30 June 2019 are as follows:

Grantee	Date of grant	Exercise period	Exercise price per share (Note 1)	Number of share options				At 30 June 2019	% of shareholding of the Company (Note 3)
				As 1 January 2019 (Note 1)	Granted during the period	Exercised during the period	Cancelled during the period		
Directors	10-11-2017	10-11-2017 to 9-11-2019	HK\$0.792	1,350,797 (Note 2)	—	—	—	1,350,797	1.1%
Employees	10-11-2017	10-11-2017 to 9-11-2019	HK\$0.792	2,078,152	—	—	—	2,078,153	1.7%
	13-11-2017	13-11-2017 to 12-11-2019	HK\$0.792	519,538	—	—	—	519,538	0.4%
Consultants	10-11-2017	10-11-2017 to 9-11-2019	HK\$0.792	6,234,455	—	—	(1,558,614)	4,675,841	3.7%
	13-11-2017	13-11-2017 to 12-11-2019	HK\$0.792	207,816	—	—	—	207,815	0.2%
				<u>10,390,758</u>	<u>—</u>	<u>—</u>	<u>(1,558,614)</u>	<u>8,832,144</u>	<u>7.1%</u>

Notes:

- The exercise price and number of share options were adjusted pursuant to the Share Consolidation.
- 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 3)
Mr. Chan Ching Hang	Beneficial owner	—	1,039,076	0.8%
Mr. Hong Bingxian	Beneficial owner	—	103,907	0.1%
Mr. Kenneth Hung ^(Note 4)	Beneficial owner	—	103,907	0.1%
Ms. Pang King Sze, Rufina	Beneficial owner	—	103,907	0.1%
		<u>—</u>	<u>1,350,797</u>	<u>1.1%</u>

- Based on 124,682,651 Shares in issue as of 30 June 2019.
- Mr. Kenneth Hung resigned as an independent non-executive Director on 10 April 2019.

In accordance with the terms of the share option scheme, 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\$0.792 (adjusted by Share Consolidation).

The fair value of the share options granted as at 10 and 13 November 2017 (as adjusted by Share Consolidation) is determined to be HK\$0.4744 and HK\$0.4768 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' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Save as disclosed above, as at 30 June 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 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

As at 30 June 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 interest 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.

Name of shareholders	Capacity of interests	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	—	16.66%
Million Pacific Holdings Corporation	Corporate owner	20,387,701	—	16.35%

Note: Based on 124,682,651 shares of the Company in issue as of 30 June 2019.

INTERIM DIVIDENDS

The Board does not recommend the payment of any interim dividends for the six months ended 30 June 2019 (2018: Nil).

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 as at 30 June 2019 or during the six months ended 30 June 2019.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2019, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

COMPLIANCE WITH CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by 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 six months ended 30 June 2019.

COMPETING INTERESTS

None of the Directors, or substantial shareholders of the Company or any of their respective close associates (as defined in the GEM Listing Rules), engaged in any businesses that compete or may compete with the business of the Group or have any other conflicts of interests with the Group for the six months ended 30 June 2019.

CORPORATE GOVERNANCE

During the six months ended 30 June 2019, 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 is vacated. The Board will continue to review 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 interim results 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/results announcement, 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 this unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2019 and was of the opinion that the preparation of the unaudited condensed consolidated interim 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
Chan Ching Hang
Chairman

Hong Kong, 6 August 2019

As at the date of this announcement, the Board comprises one executive Director, namely, Mr. Chan Ching Hang; 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>.