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IR Resources Limited

同仁資源有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 8186)

**CONNECTED TRANSACTION –
ISSUE OF NEW SHARES
UNDER SPECIFIC MANDATE
AND
APPOINTMENT OF NON-EXECUTIVE DIRECTOR**

THE SUBSCRIPTION

On 28 April 2020 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for the Subscription Shares at the Subscription Price.

Assuming that there will be no change in the number of issued Shares from the date of this announcement up to completion of the Subscription, the Subscription Shares represent (i) approximately 40.57% of the issued Shares as at the date of this announcement; and (ii) approximately 28.86% of the issued Shares as enlarged by the allotment and issue of the Subscription Shares. The gross proceeds and the estimated net proceeds from the Subscription will amount to HK\$4.13 million and HK\$3.9 million respectively.

SPECIFIC MANDATE

The Subscription Shares will be allotted and issued by the Company under the Specific Mandate to be sought from the Independent Shareholders at the SGM. An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

IMPLICATIONS UNDER GEM LISTING RULES

The Subscriber is wholly owned by Ms. He. Since Ms. He is a substantial shareholder of a number of subsidiaries of the Group engaged in the forestry and agricultural business and she has been appointed as a non-executive Director (as detailed below), the Subscriber is a connected person of the Company under the GEM Listing Rules and therefore the Subscription constitutes a connected transaction of the Company which is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

GENERAL

The SGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate for the allotment and issue of the Subscription Shares). To the best knowledge, information and belief of the Directors, the Subscriber and Ms. He do not hold any Shares as at the date of this announcement, therefore no Shareholder has a material interest in the Subscription and is required to abstain from voting on the resolution(s) for approving the Subscription Agreement and the transactions contemplated thereunder to be proposed at the SGM.

APPOINTMENT OF NON-EXECUTIVE DIRECTOR

The Board is pleased to announce the appointment of Ms. He as a non-executive Director with effect from 29 April 2020.

Shareholders and potential investors should note that the Subscription is subject to the fulfillment of the condition(s) as set out in the Subscription Agreement, and the Subscription may or may not proceed to completion. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE SUBSCRIPTION AGREEMENT

On 28 April 2020 (after trading hours), the Company and the Subscriber entered into the Subscription Agreement, the principal terms of which are set out below.

Date:

28 April 2020 (after trading hours)

Parties:

- (i) The Company as the issuer; and
- (ii) The Subscriber as the subscriber.

The Subscriber is wholly owned by Ms. He. Since Ms. He is a substantial shareholder of a number of subsidiaries of the Group engaged in the forestry and agricultural business and she has been appointed as a non-executive Director (as detailed below), the Subscriber is a connected person of the Company under the GEM Listing Rules.

The Subscription Shares

Pursuant to the Subscription Agreement, the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for the Subscription Shares at the Subscription Price.

Assuming that there will be no change in the number of issued Shares from the date of this announcement and up to completion of the Subscription, the Subscription Shares represent (i) approximately 40.57% of the issued Shares as at the date of this announcement; and (ii) approximately 28.86% of the issued Shares as enlarged by the allotment and issue of the Subscription Shares. Based on the closing price of the Shares of HK\$0.115 as at the date of the Subscription Agreement, the Subscription Shares have a market value of approximately HK\$6.8 million and a nominal value of HK\$590,000.

The Subscription Shares will rank *pari passu* in all respects among themselves and with other Shares in issue on the date of allotment and issue of the Subscription Shares.

The Subscription Price

The Subscription Price was determined after arm's length negotiation between the Company and the Subscriber with reference to (i) the trend of the market price of the Shares; (ii) the trading volume of the Shares; (iii) the continuing loss-making situation of the Group; (iv) the global outbreak of the COVID-19; (v) the volatility of the worldwide financial markets; and (vi) the Group's consolidated net asset value per Share attributable to the Shareholders, and represents:

- (i) a discount of approximately 39.1% over the closing price of HK\$0.115 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement;
- (ii) a discount of approximately 41.7% over the average closing price of HK\$0.120 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to the date of the Subscription Agreement; and
- (iii) a premium of approximately 18.6% over the audited consolidated net asset value per Share of the Group attributable to the Shareholders of HK\$0.059 as at 31 December 2019.

The gross proceeds and the estimated net proceeds from the Subscription will amount to approximately HK\$4.13 million and approximately HK\$3.9 million, respectively. The net price per Subscription Share is estimated to be approximately HK\$0.066.

Conditions of the Subscription Agreement

Completion of the Subscription is conditional upon:

- (a) the Stock Exchange having granted the listing of, and permission to deal in, the Subscription Shares;
- (b) the passing of the relevant resolutions by way of poll at the SGM by the Independent Shareholders for approving the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate for the allotment and issue of the Subscription Shares);
- (c) trading in the Shares on the Stock Exchange not being revoked or withdrawn at any time prior to completion of the Subscription and there being no indication received from the Stock Exchange that the listing of the Shares on the Stock Exchange will be suspended, revoked or withdrawn at any time after completion of the Subscription;
- (d) the warranties given by the Company and the Subscriber under the Subscription Agreement remaining true, accurate in all material respects from the date of the Subscription Agreement up to and including the date of completion of the Subscription;
- (e) the Company having obtained all necessary consents and approvals as may be required to be obtained on the part of the Company in respect of the Subscription and the transactions contemplated under the Subscription Agreement; and
- (f) the Subscriber having obtained all necessary consents and approvals as may be required to be obtained on the part of the Subscriber in respect of the Subscription and the transactions contemplated under the Subscription Agreement.

The conditions (a), (b), (c), (e) and (f) are not waivable by the Company and the Subscriber. The Company may waive condition (d) in respect of the warranties given by the Subscriber and the Subscriber may waive condition (d) in respect of the warranties given by the Company. In the event that any of the conditions not being fulfilled or waived (as the case may be) in full by 12 June 2020 (or such other date as may be agreed between the Company and the Subscriber in writing), the Subscription Agreement shall cease and terminate and thereafter, neither party shall have any obligations and liabilities under the Subscription Agreement save for any antecedent breaches thereof.

Completion of the Subscription will take place on or before the fifth business day (or such later date as agreed between the Company and the Subscriber) after the fulfilment or waiver (as the case may be) of the conditions as set out above.

Listing Application

An application will be made by the Company to the Stock Exchange for the granting of the listing of, and permission to deal in, the Subscription Shares.

Specific Mandate

The Subscription Shares will be allotted and issued under the Specific Mandate to be sought from the Independent Shareholders at the SGM.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming that there will be no change in the number of Shares from the date of this announcement up to completion of the Subscription, the shareholding structure of the Company as at the date of this announcement and immediately after completion of the Subscription is set out as below:

	As at the date of this announcement		Immediately after completion of the Subscription	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
Mega Trillion International Corporation	20,775,000	14.28%	20,775,000	10.16%
Bank of Communications Trustee Limited	20,757,500	14.27%	20,757,500	10.15%
Million Pacific Holdings Corporation	20,387,701	14.02%	20,387,701	9.97%
The Subscriber	–	–	59,000,000	28.86%
Public Shareholders	83,519,950	57.43%	83,519,950	40.86%
Total	145,440,151	100.00%	204,440,151	100.00%

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

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

As described in the annual report of the Company for the year ended 31 December 2019, the Group has been adversely impacted by the Sino-United States trade war and the outbreak and spread of the COVID-19 which led to the unprecedented volatility of the global financial markets and the worldwide closure of borders. According to the report published by the World Bank in March 2020, growth in China's economy in 2020 was projected to substantially slow down to 2.3% in the baseline scenario or as low as 0.1% in the lower-case scenario, compared to its growth of 6.1% in 2019. In April 2020, the International Monetary Fund also predicted

the global economy to contract by 3% this year and described the global decline as the worst since the Great Depression of the 1930s. The Directors, in view of the above, consider that the Subscription, being a good fund raising opportunity to shelter the Group from the forthcoming economic storm, is in the interests of the Company and the Shareholders as a whole and the terms of the Subscription Agreement (including the Subscription Price) are of normal commercial terms and are fair and reasonable. It is expected that the net proceeds of HK\$3.9 million from the Subscription will be applied for the Group's business development and general working capital purposes (such as general corporate and administrative expenses).

The Company has not conducted any equity fund raising exercises in the past twelve months immediately preceding the date of this announcement.

IMPLICATION UNDER GEM LISTING RULES

The Subscriber is wholly owned by Ms. He. Since Ms. He is a substantial shareholder of a number of subsidiaries of the Group engaged in forestry and agricultural business and she has been appointed as a non-executive Director, the Subscriber is a connected person of the Company under the GEM Listing Rules and therefore the Subscription constitutes a connected transaction of the Company which is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

APPOINTMENT OF NON-EXECUTIVE DIRECTOR

The Board is pleased to announce the appointment of Ms. He as a non-executive Director with effect from 29 April 2020.

Ms. He, aged 51, has more than 20 years of experience in strategic planning, corporate management and business development and is a senior management of a large-scale multi-national corporation engaged in raw materials business in Asia. Ms. He holds a bachelor's degree in international finance from Ibaraki University in Japan and a master's degree in business administration from The Open University of Hong Kong.

Save as disclosed above, as at the date of this announcement, Ms. He (i) does not have any relationship with any directors, senior management, or substantial or controlling shareholders of the Company; (ii) does not hold any other positions with any members of the Group; (iii) is not interested in the Shares within the meaning of Part XV of the Securities and Futures Ordinance; and (iv) has not held directorships in any public companies, the securities of which are listed on any securities market in Hong Kong or overseas, in the last three years preceding the date of this announcement.

As at the date of this announcement, the Company has not entered into any service contracts with Ms. He and Ms. He will hold office until the next annual general meeting of the Company and thereafter shall be subject to retirement by rotation and re-election once every three years at the annual general meeting of the Company in accordance with the bye-laws of the Company. The remuneration of Ms. He will be determined with reference to her duties and responsibilities to be decided at a later date by the Board.

Save as disclosed in this announcement, there is no other information to be disclosed pursuant to any of the requirements of Rule 17.50(2)(h) to (v) of the GEM Listing Rules and there are no other matters in relation to the appointment of Ms. He that need to be brought to the attention of the Shareholders.

The Board would like to warmly welcome Ms. He for joining the Board.

GENERAL

The SGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate for the allotment and issue of the Subscription Shares). To the best knowledge, information and belief of the Directors, the Subscriber and Ms. He do not hold any Shares as at the date of this announcement and therefore, no Shareholder has a material interest in the Subscription and is required to abstain from voting on the resolution(s) for approving the Subscription Agreement and the transactions contemplated thereunder to be proposed at the SGM.

An Independent Board Committee comprising all the independent non-executive Directors will be formed to advise the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) details of the Subscription Agreement; (ii) a letter of advice from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser in relation to the Subscription Agreement and the transactions contemplated thereunder; (iv) a notice to convene the SGM; and (v) other information as required under the GEM Listing Rules, will be despatched to the Shareholders on or before 15 May 2020 in compliance with the GEM Listing Rules.

Shareholders and potential investors should note that the Subscription is subject to the fulfillment of the condition(s) as set out in the Subscription Agreement, and the Subscription may or may not proceed to completion. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings ascribed to them respectively:

“Board”	the board of Directors
“Company”	IR Resources Limited, a company incorporated in Bermuda with limited liability and its issued Shares are listed on GEM of the Stock Exchange

“Director(s)”	director(s) of the Company
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries from time to time
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors
“Independent Financial Adviser”	Ample Capital Limited, a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
“Independent Shareholders”	the Shareholders other than those who are required to abstain under the GEM Listing Rules from voting at the SGM for the resolution(s) approving the Subscription Agreement and transactions contemplated thereunder
“Ms. He”	Ms. He Lamei, the sole shareholder of the Subscriber
“SGM”	the special general meeting of the Company to be convened and held for the Independent Shareholders to consider, and if thought fit, approve, among other things, the Subscription Agreement and the transactions contemplated thereunder
“Shareholder(s)”	holder(s) of the Shares
“Shares”	ordinary share(s) of HK\$0.01 each of the Company
“Specific Mandate”	the specific mandate to be sought from the Independent Shareholders at the SGM to allot and issue the Subscription Shares to the Subscriber pursuant to the Subscription Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Power China International Corporation, a company incorporated in Anguilla with limited liability
“Subscription”	the subscription of the Subscription Shares by the Subscriber

“Subscription Agreement”	the subscription agreement dated 28 April 2020 and entered into between the Company and the Subscriber in respect of the Subscription
“Subscription Price”	HK\$0.07 per Subscription Share
“Subscription Shares”	59,000,000 new Shares to be allotted and issued to the Subscriber pursuant to the terms of the Subscription Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board
IR Resources Limited
Chan Ching Hang
Chairman

Hong Kong, 28 April 2020

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, Ms. Pang King Sze, Rufina, Mr. Cheung Yin Keung and Mr. Hong Bingxian.

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 aspects 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>.