

(STOCK CODE : 8186)

# 2020 INTERIM REPORT



**IR Resources Limited**  
**同仁資源有限公司**

(Incorporated in Bermuda with Limited Liability)

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

**GEM is 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.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This report, for which the board (the “Board”) of directors (the “Directors”) of IR Resources Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on 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 report 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 report misleading.*

The Board would like to present 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 2020 together with the comparative unaudited figures for the corresponding periods in 2019, 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	
		2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
<b>Revenue</b>	2	<b>3,880</b>	7,704	<b>10,411</b>	13,627
Cost of sales		<b>(3,334)</b>	(6,648)	<b>(8,806)</b>	(11,659)
Gross profit		<b>546</b>	1,056	<b>1,605</b>	1,968
Other income and gains	4	<b>4,812</b>	1,487	<b>4,878</b>	1,764
Administrative expenses		<b>(5,479)</b>	(5,167)	<b>(10,942)</b>	(11,328)
Net gain/(loss) on equity investment at fair value through profit or loss		<b>192</b>	(182)	<b>203</b>	(272)
Finance costs	5	<b>(364)</b>	(346)	<b>(737)</b>	(690)
Share of results of associates		<b>(1,383)</b>	–	<b>(1,246)</b>	163
<b>Loss before tax</b>	5	<b>(1,676)</b>	(3,152)	<b>(6,239)</b>	(8,395)
Income tax expenses	6	<b>(30)</b>	(158)	<b>(170)</b>	(294)
<b>LOSS FOR THE PERIOD</b>		<b>(1,706)</b>	(3,310)	<b>(6,409)</b>	(8,689)
<b>Loss for the period attributable to:</b>					
Ordinary equity holders of the Company		<b>(2,529)</b>	(3,340)	<b>(5,909)</b>	(8,558)
Non-controlling interests		<b>823</b>	(30)	<b>(500)</b>	(131)
		<b>(1,706)</b>	(3,310)	<b>(6,409)</b>	(8,689)
<b>Loss per Share attributable to the ordinary equity holders of the Company (HK cents)</b>	7				
Basic		<b>(2.03)</b>	(2.81)	<b>(4.74)</b>	(7.68)
Diluted		<b>(2.03)</b>	(2.81)	<b>(4.74)</b>	(7.68)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the three months ended 30 June		For the six months ended 30 June	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
<b>LOSS FOR THE PERIOD</b>	<b>(1,706)</b>	<b>(3,310)</b>	<b>(6,409)</b>	<b>(8,689)</b>
<b>OTHER COMPREHENSIVE INCOME/(EXPENSE)</b>				
<b>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</b>				
Revaluation of unlisted equity investment at fair value through other comprehensive income (non-recycling)	–	–	–	226
<b>Other comprehensive income/(expense) to be reclassified to profit or loss in subsequent periods:</b>				
Exchange differences on translation of foreign operations	(11)	(2)	15	(2)
Less: Income tax effect	–	–	–	–
<b>OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD, NET OF TAX</b>	<b>(11)</b>	<b>(2)</b>	<b>15</b>	<b>224</b>
<b>TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD</b>	<b>(1,717)</b>	<b>(3,312)</b>	<b>(6,394)</b>	<b>(8,465)</b>
<b>Total comprehensive income/(expense) for the period attributable to:</b>				
Ordinary equity holders of the Company	1,382	(3,342)	(1,972)	(8,334)
Non-controlling interests	(3,099)	30	(4,422)	(131)
	<b>(1,717)</b>	<b>(3,312)</b>	<b>(6,394)</b>	<b>(8,465)</b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 June 2020	At 31 December 2019
	Notes	HK\$'000 (Unaudited)	HK\$'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	9	21,334	3,947
Right-of-use assets		7,112	1,879
Interests in associates		13,747	12,584
Deposits paid for acquisition of plant and equipment		5,320	–
<b>Total non-current assets</b>		<b>47,513</b>	18,410
<b>Current assets</b>			
Inventories		2,936	151
Trade receivables	10	3,857	12,672
Loans and interest receivables		–	15,363
Equity investment at fair value through profit or loss	11	810	608
Prepayments, other receivables and other assets		8,695	23,122
Cash held on behalf of customers		–	6
Cash and bank balances		2,769	4,212
<b>Total current assets</b>		<b>19,067</b>	56,134
<b>Current liabilities</b>			
Trade payables	12	1,383	6
Other payables and accruals		21,225	28,442
Other borrowing		8,000	8,000
Lease liabilities		954	1,263
Tax payables		4,491	4,321
<b>Total current liabilities</b>		<b>36,053</b>	42,032
<b>Net current (liabilities)/assets</b>		<b>(16,986)</b>	14,102
<b>Total assets less current liabilities</b>		<b>30,527</b>	32,512

	Notes	<b>At 30 June 2020 HK\$'000 (Unaudited)</b>	At 31 December 2019 HK\$'000 (Audited)
<b>Non-current liabilities</b>			
Other loan	13	22,487	17,610
Lease liabilities		169	637
Total non-current liabilities		22,656	18,247
<b>Net assets</b>		<b>7,871</b>	14,265
<b>EQUITY</b>			
Share capital	14	1,455	1,455
Reserves		5,188	7,160
Total equity attributable to:			
Ordinary equity holders of the Company		6,643	8,615
Non-controlling interests		1,228	5,650
<b>Total Equity</b>		<b>7,871</b>	14,265

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY***For the six months ended 30 June 2020*

	Attributable to ordinary equity holders of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Shares held under share		Fair value reserve (recycling) HK\$'000	Exchange reserve HK\$'000	Retained earnings/ (Accumulated losses) HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
			award scheme HK\$'000	Other reserve HK\$'000						
<b>At 1 January 2020 (audited)</b>	1,455	5,293	(5,501)	(9,889)	-	(516)	17,773	8,615	5,650	14,265
Loss for the period	-	-	-	-	-	-	(5,909)	(5,909)	(500)	(6,409)
Other comprehensive income/ (expense) for the period										
Share of other comprehensive income of an associate	-	-	-	-	-	-	-	-	(3,922)	(3,922)
Fair value gain on debt investment at fair value through other comprehensive income (recycling)	-	-	-	-	3,922	-	-	3,922	-	3,922
Exchange differences on translation of foreign operations	-	-	-	-	-	15	-	15	-	15
<b>Total comprehensive income/ (expense) for the period</b>	-	-	-	-	3,922	15	(5,909)	(1,972)	(4,422)	(6,394)
<b>At 30 June 2020 (unaudited)</b>	1,455	5,293*	(5,501)*	(9,889)*	3,922*	(501)*	11,864*	6,643	1,228	7,871

\* These reserve accounts comprise the consolidated reserves with a total balance of HK\$5,188,000 in the condensed consolidated statement of financial position.

## Attributable to ordinary equity holders of the Company

	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Share option reserve HK\$'000	Fair value reserve (non-recycling) HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
<b>At 1 January 2019 (audited)</b>	41,563	265,213	(9,889)	4,930	(3,847)	(548)	(276,331)	21,091	(92)	20,999
Loss for the period	-	-	-	-	-	-	(8,558)	(8,558)	(131)	(8,689)
Other comprehensive income/ (expense) for the period										
Revaluation of unlisted equity investment at fair value through other comprehensive income (non-recycling)	-	-	-	-	226	-	-	226	-	226
Release of fair value reserve relating to unlisted equity investment at fair value through other comprehensive income (non-recycling)	-	-	-	-	3,621	-	(3,621)	-	-	-
Exchange differences on translation of foreign operations	-	-	-	-	-	(2)	-	(2)	-	(2)
Total comprehensive income/ (expense) for the period	-	-	-	-	3,847	(2)	(12,179)	(8,334)	(131)	(8,465)
Cancellation of share options	-	-	-	(739)	-	-	739	-	-	-
Subscription of shares	8,310	-	-	-	-	-	-	8,310	-	8,310
<b>At 30 June 2019 (unaudited)</b>	49,873	265,213	(9,889)	4,191	-	(550)	(287,771)	21,067	(223)	20,844

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS***For the six months ended 30 June 2020*

	<b>For the six months ended 30 June</b>	
	<b>2020 HK\$'000</b>	2019 HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net cash flows from/(used in) operating activities	<b>20,138</b>	(15,891)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Addition of property, plant and equipment	<b>(18,183)</b>	(1,282)
Deposits paid for acquisition of plant and equipment	<b>(5,320)</b>	–
Recognition of right-of-use assets	<b>(5,983)</b>	–
Net proceeds from disposal of equity investment at fair value through other comprehensive income	–	23,650
Decrease/(increase) in amounts due from associates	<b>8,733</b>	(1,743)
Interest received	–	1
Net cash flows (used in)/from investing activities	<b>(20,753)</b>	20,626
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net proceeds from share subscription	–	8,310
Capital element of lease rentals paid	<b>(476)</b>	–
Interest element of lease rentals paid	<b>(28)</b>	–
Loan interest paid	<b>(339)</b>	(337)
Net cash flows (used in)/from financing activities	<b>(843)</b>	7,973
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,458)</b>	12,708
Cash and cash equivalents at beginning of the period	<b>4,212</b>	28,220
Effect of foreign exchange rate changes	<b>15</b>	(3)
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>2,769</b>	40,925
Analysis of cash and cash equivalents		
Cash and bank balances	<b>2,769</b>	40,919
Cash held on behalf of customers	–	6
	<b>2,769</b>	40,925

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

### 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 (“HKAS”) 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The unaudited condensed consolidated interim results have been prepared on the historical cost convention except for equity investment at fair value through profit or loss, which has been measured at fair value.

In preparing the unaudited condensed consolidated interim results, the Directors have given careful consideration to the future liquidity of the Group. Notwithstanding that the Group’s current liabilities exceeded its current assets as at 30 June 2020, the Directors are of the opinion that the Group has sufficient financial resources to meet its liabilities as and when the liabilities fall due. Therefore, the unaudited condensed consolidated interim results are prepared on a going concern basis.

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 2019, except for the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”), issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 January 2020:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

In addition, the Group has early adopted the Amendments to HKFRS 16 “Covid-19-related Rent Concessions”.

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

	For the three months ended 30 June		For the six months ended 30 June	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
<b>Revenue from contracts with customers</b>				
Sales of wood, household and agricultural related products	3,880	7,703	10,203	13,541
<b>Revenue from other source</b>				
Loan interest income	–	1	208	86
<b>Total Revenue</b>	<b>3,880</b>	<b>7,704</b>	<b>10,411</b>	<b>13,627</b>

**Disaggregated revenue information**

	For the three months ended 30 June		For the six months ended 30 June	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
<b>Sales of wood, household and agricultural related products</b>				
<i>Timing of revenue recognition</i>				
Goods transferred at a point of time	3,880	7,703	10,203	13,541
Total revenue from contracts with customers	3,880	7,703	10,203	13,541

**3. OPERATING SEGMENT INFORMATION**

During the period, the Group is organised into the following reportable operating segments based on their products and services:

- (a) the sale of wood, household and agricultural related products and the timber processing business (the "Forestry and Agricultural Business");
- (b) the securities brokerage and trading, asset management and loan financing (the "Financial Services Business");
- (c) the development of cultural related products and services (the "Cultural Business"); and
- (d) the logistics and supply chain 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 that interest income, unallocated finance costs, share of loss of associates as well as corporate expenses are excluded from such measurement.

Segment assets exclude interests in associates, unallocated head office and corporate assets as these assets are managed on a group basis. Segment liabilities exclude other borrowing, 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 2020 (Unaudited)*

	Forestry and Agricultural Business HK\$'000	Financial Services Business HK\$'000	Cultural Business HK\$'000	Logistics Business HK\$'000	Total HK\$'000
<b>Segment revenue</b>					
External sales	10,203	208	–	–	10,411
Segment revenue	10,203	208	–	–	10,411
<b>Segment results</b>	2,049	(545)	1,540	(2)	3,042
Unallocated corporate expenses					(7,689)
Share of loss of associates					(1,246)
Unallocated finance costs					(346)
<b>Loss before tax</b>					(6,239)
Income tax expenses					(170)
<b>Loss for the period</b>					(6,409)

For the six months ended 30 June 2019 (Unaudited)

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

**Segment assets and liabilities**

As at 30 June 2020 (Unaudited)

	Forestry and Agricultural Business HK\$'000	Financial Services Business HK\$'000	Cultural Business HK\$'000	Logistics Business HK\$'000	Total HK\$'000
<b>Segment assets</b>	37,670	1,693	323	–	39,686
Unallocated assets					26,894
Total assets					66,580
<b>Segment liabilities</b>	(35,885)	(1,934)	(16)	–	(37,835)
Unallocated liabilities					(20,874)
Total liabilities					58,709

As at 31 December 2019 (Audited)

	Forestry and Agricultural Business HK\$'000	Financial Services Business HK\$'000	Cultural Business HK\$'000	Logistics Business HK\$'000	Total HK\$'000
<b>Segment assets</b>	18,609	18,171	1,458	–	38,238
Unallocated assets					36,306
Total assets					74,544
<b>Segment liabilities</b>	(34,813)	(2,084)	(2,706)	–	(39,603)
Unallocated liabilities					(20,676)
Total liabilities					(60,279)

#### Geographical Information

##### Revenue from external customers

	For the six months ended 30 June	
	2020 HK\$'000	2019 HK\$'000
Hong Kong	208	86
The PRC	10,203	13,541
	10,411	13,627

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' operations. 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 clients' operations.

## 4. OTHER INCOME AND GAINS

	For the three months ended 30 June		For the six months ended 30 June	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Bank interest income	1	1	2	1
Reversal of impairment provision of trade receivables	731	255	731	255
Written off of other payables and accruals	2,910	–	2,910	–
Others	1,170	1,231	1,235	1,508
	<b>4,812</b>	<b>1,487</b>	<b>4,878</b>	<b>1,764</b>

## 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	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Finance costs:				
Loan interest from other borrowing	155	169	339	337
Interest on other loan	200	177	370	353
Interest on lease liabilities	9	–	28	–
	<b>364</b>	<b>346</b>	<b>737</b>	<b>690</b>
Staff costs (excluding Directors' emoluments):				
Wages and salaries	1,530	2,122	3,513	4,341
Retirement scheme contributions	55	84	137	172
	<b>1,585</b>	<b>2,206</b>	<b>3,650</b>	<b>4,513</b>
Other items:				
Auditor's remuneration	273	272	545	544
Depreciation of property, plant and equipment	544	399	796	740
Depreciation of right-of-use assets	159	–	449	–
Minimum lease payments under operating lease: land and buildings	–	417	–	780

## 6. INCOME TAX EXPENSES

### (a) Hong Kong Profits Tax

Hong Kong Profits Tax is calculated at the rate of 16.5% on the estimated assessable 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 2020.

## 7. LOSS PER SHARE

	Number of ordinary Shares			
	For the three months ended 30 June		For the six months ended 30 June	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Loss for the period attributable to ordinary equity holders of the Company, used in the basic loss per Share calculations	(2,529)	(3,340)	(5,909)	(8,558)

  

	For the three months ended 30 June		For the six months ended 30 June	
	2020 '000	2019 '000	2020 '000	2019 '000
	Weighted average number of ordinary Shares in issue during the period, used in the basic loss per Share calculations*	124,683	118,975	124,683

\* Since no award has been granted to any eligible person under the Company's share award scheme as at 30 June 2020, the weighted average number of ordinary Shares in issue for the three months and six months ended 30 June 2020 excluded the 20,757,500 ordinary Shares held under the scheme for purpose of calculating the basic loss per Share.

\*\* The weighted average number of ordinary Shares for the three months and six months ended 30 June 2019 has been adjusted by the share consolidation taken place in May 2019 as if it has become effective since 1 January 2019.

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 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic loss per Share presented.

## 8. DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2020 (2019: Nil).

## 9. MOVEMENTS 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 2020 was HK\$18,433,000 (2019: HK\$1,282,000).

There was no addition to the intangible assets of the Group during the six months ended 30 June 2020 and 2019 respectively.

## 10. TRADE RECEIVABLES

	<b>At 30 June 2020 HK\$'000 (Unaudited)</b>	At 31 December 2019 HK\$'000 (Audited)
Trade receivables	4,177	13,723
Trade receivable arising from Financial Services Business:		
– Other client	–	100
Less: Impairment	(320)	(1,151)
	<b>3,857</b>	12,672

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

	<i>HK\$'000</i>
As at 1 January 2020 (audited)	<b>1,151</b>
Reversal of impairment	<b>(731)</b>
Amount written off as uncollectible	<b>(100)</b>
As at 30 June 2020 (unaudited)	<b>320</b>

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

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

	<b>At 30 June 2020 HK\$'000 (Unaudited)</b>	At 31 December 2019 HK\$'000 (Audited)
Current to 30 days	<b>1,490</b>	–
31 to 60 days	<b>1,268</b>	4,645
61 to 90 days	–	4,201
91 to 180 days	<b>1,099</b>	3,826
	<b>3,857</b>	12,672

The trade receivables are non-interest bearing and generally settled in 60–150 days.

## 11. 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 2020 and 2019, the Group did not record any realized gain/loss from disposal of listed securities but recorded an unrealised gain arising from change in fair value of the listed securities of HK\$203,000 (2019: loss of HK\$272,000) based on the market value of the listed securities as at 30 June 2020. The Group did not receive any dividend from its listed investment during the six months ended 30 June 2020 and 2019.

**12. TRADE PAYABLES**

	<b>At 30 June 2020 HK\$'000 (Unaudited)</b>	At 31 December 2019 HK\$'000 (Audited)
Trade payables ( <i>Note</i> )	1,383	–
Trade payables arising from Financial Services Business:		
– Cash clients account	–	6
	<b>1,383</b>	<b>6</b>

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

	<b>At 30 June 2020 HK\$'000 (Unaudited)</b>	At 31 December 2019 HK\$'000 (Audited)
Current to 30 days	1,383	–
31 to 60 days	–	–
	<b>1,383</b>	<b>–</b>

The trade payables are non-interest-bearing and are normally settled on 30-day terms.

**13. OTHER LOAN**

There was a loan in the principal amount of HK\$28,380,000 as at 30 June 2020 (31 December 2019: HK\$22,763,000) with a present value of HK\$22,487,000 (31 December 2019: HK\$17,610,000) from the relevant shareholders of the Forestry and Agricultural Business which is unsecured, interest free and has a term of 10 years (extendable for another 10 years).

**14. SHARE CAPITAL**

	Authorised		Issued and fully paid	
	Number of Shares	Amount HK\$'000	Number of Shares	Amount HK\$'000
Ordinary Share of HK\$0.01 each at				
1 January 2020 (audited) and				
30 June 2020 (unaudited)	20,000,000,000	200,000	145,440,151	1,455

## 15. 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 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 the financial instrument which was 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.

### Asset measured at fair value:

	Fair value		Fair value hierarchy	Valuation technique and key input
	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)		
Equity investment at fair value through profit or loss	810	608	Level 1	Quoted bid prices in an active market

There was no transfers among the different levels of the fair value hierarchy for the six months ended 30 June 2020 and the year ended 31 December 2019.

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.

## 16. EVENTS AFTER THE REPORTING PERIOD

On 28 April 2020, the Company entered into a subscription agreement with a company owned by Ms. He Lamei, a non-executive Director, for subscription of 59,000,000 new Shares at a subscription price of HK\$0.07 per Share, details of which are disclosed in the circular of the Company dated 19 June 2020. As at the date of this report, the subscription is yet to be completed.

Save as disclosed above, as at the date of this report, the Group does not have any material event subsequent to 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 Services Business; (iii) the Cultural Business; and (iv) the Logistics Business.

Since the beginning of 2020, trade policy uncertainty, geopolitical tension, protectionist sentiments, together with the global outbreak and spread of the coronavirus, have resulted in extremely high uncertainty to the global economy and unprecedented volatility of the global financial markets. The Group has been unavoidably hit by the above impacts, particularly the spread of the coronavirus which had led to worldwide closure of borders and caused massive disruption to the global supply chains. For the six months ended 30 June 2020, the Group's revenue was decreased by 23% to HK\$10.4 million from the same period in 2019. The consolidated loss attributable to the ordinary equity holders of the Company was reduced by 31% to HK\$5.9 million from the 2019 due to increase in other income (e.g. reversal of impairment provision of trade receivables and written off of certain accruals provided for in the past years) and the basic and diluted loss per Share was HK4.74 cents (2019: HK7.68 cents) respectively. During the period under review, the Group, in consideration of the impact of the coronavirus spread on different products, market segments and geographical locations and leveraging on its wood resources and industrial connections, expanded production facilities to deepen and broaden product offerings and to widen customer base in terms of market segments and geographical locations.

The Group mainly operates in Hong Kong, Southeast Asia and the PRC and is exposed to foreign exchange risk. During the period under review, the Group did not use any financial instrument for hedging purpose, but it will continuously monitor 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 fluctuation of wood and agricultural products.

### FINANCIAL RESOURCES, BORROWINGS AND LIQUIDITY

During the six months ended 30 June 2020, the net cash inflow from operating activities amounted to HK\$20.1 million (2019: outflow of HK\$15.9 million) and the net cash outflow from investing activities amounted to HK\$20.8 million (2019: inflow of HK\$20.6 million) and net cash outflow from financing activities was HK\$0.8 million (2019: inflow of HK\$8.0 million). As a result of the cumulative effect described above, the Group recorded a net cash outflow of HK\$1.5 million during the period (2019: inflow of HK\$12.7 million).

As at 30 June 2020, the Group had total assets of HK\$66.6 million (31 December 2019: HK\$74.5 million) and total liabilities of HK\$58.7 million (31 December 2019: HK\$60.3 million). The Group's gearing ratio (calculated as percentage of the Group's total liabilities to total assets) as at 30 June 2020 was 88.1% (31 December 2019: 80.9%). As at 30 June 2020, the Group did not have any outstanding bank borrowings (31 December 2019: Nil).

As at 30 June 2020, the Group's current assets amounted to HK\$19.1 million (31 December 2019: HK\$56.1 million), of which HK\$2.8 million (31 December 2019: HK\$4.2 million) was cash and bank balances, and current liabilities amounted to HK\$36.1 million (31 December 2019: HK\$42.0 million).

As at 30 June 2020, the net assets of the Group amounted to HK\$7.9 million (31 December 2019: HK\$14.3 million) and the net asset value per Share amounted to HK\$0.054 (31 December 2019: HK\$0.10).

## **CAPITAL COMMITMENT**

Save as disclosed, no significant capital commitment of the Group was outstanding as at 30 June 2020.

## **SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITIONS AND DISPOSALS**

Save as disclosed, during the six months ended 30 June 2020, the Group did not make any significant investment and any material acquisition/disposal.

## **CHARGE ON ASSETS OF THE GROUP**

As at 30 June 2020, no asset of the Group was pledged.

## **CONTINGENT LIABILITIES**

As at 30 June 2020, the Group did not have any material outstanding contingent liabilities.

## **EVENTS AFTER THE REPORTING PERIOD**

Details are disclosed in note 16 to this interim report.

## **PROSPECTS**

The Group anticipates that the devastating impact of the negative conditions mentioned above will continue to escalate and will undoubtedly impact on the PRC, Southeast Asia and worldwide economy. In view of the challenges ahead, the Company will follow the right direction for development of its business segments while keeping abreast of the business opportunities available, particularly those with potential to collaborate with the businesses of the Group, with a view to improving return to its shareholders.

## **EMPLOYEES' INFORMATION AND BENEFIT SCHEMES FOR THE EMPLOYEES**

As at 30 June 2020, the Group had 38 (31 December 2019: 43) 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

Save as disclosed above, as at 30 June 2020, none of the Directors or the chief executive of the Company has any interests and short positions 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.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Save as disclosed above, as at 30 June 2020, 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.

### SHARE OPTION SCHEME

The Company may grant share options to eligible participants to subscribe for the Shares under its share option scheme (the "Share Option Scheme") approved by the shareholders of the Company on 10 June 2011 (the principal terms are set out in the Company's circular dated 27 April 2011).

No share option was granted under the Share Option Scheme during the six months ended 30 June 2020 and the Company had no share options outstanding as at 30 June 2020.

### 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 2020 or during the six months ended 30 June 2020.

## INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 30 June 2020, 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.

### Long positions in the Shares

Name of shareholders	Capacity of interests	Number of Shares held	Number of underlying Shares held	Percentage of shareholding in the Company <i>(Note)</i>
Mega Trillion International Corporation	Corporate owner	20,775,000	–	14.28%
Bank of Communications Trustee Limited	Trustee	20,757,500	–	14.27%
Million Pacific Holdings Corporation	Corporate owner	20,387,701	–	14.02%

*Note:* Based on 145,440,151 Shares in issue as of 30 June 2020.

## INTERIM DIVIDENDS

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2020 (2019: Nil).

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

During the six months ended 30 June 2020, 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 2020.

## 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 businesses of the Group or have any other conflicts of interests with the Group for the six months ended 30 June 2020.

## CORPORATE GOVERNANCE

During the six months ended 30 June 2020, 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 report, 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. Hong Bingxian and Mr. Huang Zhe. The Audit Committee's primary duties include ensuring the Group's financial statements, annual and interim reports/ results announcements, 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 2020 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**  
**He Xuemei**  
*Chairperson*

Hong Kong, 13 August 2020