



IR RESOURCES LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 8186)

Interim Report
2016



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This report, 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: (1) the information contained in this report is accurate and complete in all material respects and not misleading; and (2) there are no other matters the omission of which would make any statement in this report misleading.

INTERIM RESULTS (UNAUDITED)

The Board would like to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the three months and the six months ended 30 June 2016, together with the comparative unaudited figures for the corresponding periods in 2015, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
CONTINUING OPERATIONS					
Revenue	2	12,948	—	28,096	—
Cost of sales		(9,906)	—	(21,516)	—
Gross profit		3,042	—	6,580	—
Other income and gains	4	806	—	2,328	583
Administrative expenses		(12,887)	(2,137)	(28,655)	(5,785)
Finance costs	5	(5,834)	(6,520)	(14,180)	(12,924)
Loss before tax	5	(14,873)	(8,657)	(33,927)	(18,126)
Income tax expenses	6	(501)	—	(1,085)	—
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		(15,374)	(8,657)	(35,012)	(18,126)
DISCONTINUED OPERATION					
Share of losses of associates		—	(2)	—	(3)
LOSS FOR THE PERIOD		(15,374)	(8,659)	(35,012)	(18,129)

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2016 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i> (Unaudited)	2016 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i> (Unaudited)
Loss attributable to:					
Equity holders of the Company		(15,374)	(8,659)	(35,012)	(18,129)
Non-controlling interests		—	—	—	—
		(15,374)	(8,659)	(35,012)	(18,129)
Basic loss per share					
For loss for the period	7	(1.11)	(1.97)	(3.84)	(4.12)
For loss from continuing operations		(1.11)	(1.97)	(3.84)	(4.12)
Diluted loss per share					
For loss for the period		(1.11)	(1.97)	(3.84)	(4.12)
For loss from continuing operations		(1.11)	(1.97)	(3.84)	(4.12)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the three months ended 30 June		For the six months ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
LOSS FOR THE PERIOD	(15,374)	(8,659)	(35,012)	(18,129)
OTHER COMPREHENSIVE INCOME				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations	1	41	1	273
Less: Income tax effect	—	—	—	—
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	1	41	1	273
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(15,373)	(8,618)	(35,011)	(17,856)
Attributable to:				
Equity holders of the Company	(15,373)	(8,618)	(35,011)	(17,856)
Non-controlling interests	—	—	—	—
	(15,373)	(8,618)	(35,011)	(17,856)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	At 30 June 2016 <i>HK\$'000</i> (Unaudited)	At 31 December 2015 <i>HK\$'000</i> (Audited)
Non-current assets			
Property, plant and equipment	9	16,430	14,600
Biological assets		—	—
Intangible assets	9	307,164	307,164
Goodwill		—	—
Total non-current assets		323,594	321,764
Current assets			
Inventories		—	—
Trade receivables	10	21,965	13,983
Prepayments, deposits and other receivables		4,046	4,592
Cash and bank balances		102,197	4,246
Total current assets		128,208	22,821
Current liabilities			
Trade payables	11	3,171	6,107
Other loans, other payables and accruals	12	43,508	157,746
Tax payables		2,969	1,884
Total current liabilities		49,648	165,737
Net current assets/(liabilities)		78,560	(142,916)
Net assets		402,154	178,848
EQUITY			
Share capital	13	28,863	131,198
Reserves		373,291	47,650
Total equity		402,154	178,848

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

	Attributable to equity holders of the Company						Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Share options reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000			
At 1 January 2015 (audited)	131,198	972,987	5,265	—	(559)	(894,957)	213,934	(3)	213,931
Loss for the period	—	—	—	—	—	(18,129)	(18,129)	—	(18,129)
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations	—	—	—	—	273	—	273	—	273
Total comprehensive income for the period	—	—	—	—	273	(18,129)	(17,856)	—	(17,856)
At 30 June 2015 (unaudited)	131,198	972,987	5,265	—	(286)	(913,086)	196,078	(3)	196,075
At 1 January 2016 (audited)	131,198	972,987	5,265	—	(562)	(930,040)	178,848	—	178,848
Loss for the period	—	—	—	—	—	(35,012)	(35,012)	—	(35,012)
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations	—	—	—	—	1	—	1	—	1
Total comprehensive income for the period	—	—	—	—	1	(35,012)	(35,011)	—	(35,011)
Issue of new shares under rights issue	26,239	236,156	—	—	—	—	262,395	—	262,395
Share premium reduction	—	(972,987)	—	—	—	972,987	—	—	—
Capital reorganisation	(128,574)	—	(5,265)	—	—	133,839	—	—	—
Share issue expenses	—	(6,094)	—	—	—	—	(6,094)	—	(6,094)
Recognition of share-based payments	—	—	—	2,016	—	—	2,016	—	2,016
At 30 June 2016 (unaudited)	28,863	230,062	—	2,016	(561)	141,774	402,154	—	402,154

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

	For the six months ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited) (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash flows used in operating activities	(18,405)	(4,460)
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition of property, plant and equipment	(2,928)	—
Net cash flows used in investing activities	(2,928)	—
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from rights issue	256,301	—
Loan from a financial institution	10,000	—
Working Capital Loan	5,500	4,600
Repayment of loans	(77,787)	—
Loan interest	(74,729)	—
Net cash flows from financing activities	119,285	4,600
NET INCREASE IN CASH AND CASH EQUIVALENTS	97,952	140
Cash and cash equivalents at beginning of the period	4,246	2,288
Effect of foreign exchange rate changes	(1)	—
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	102,197	2,428
Analysis of cash and cash equivalents		
Cash and bank balances	102,197	2,428

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM 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 financial statements have been prepared in accordance with the same accounting policies adopted in the annual consolidated financial statements for the year ended 31 December 2015.

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 2016. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards (“HKASs”) and Interpretations.

Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27(2011)	Equity Method in Separate Financial Statements
Annual Improvement to 2010-2014 cycle	Amendments to a number of HKFRSs

The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s consolidated financial statements.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has commenced assessment on the impact of these new HKFRSs but is not yet in a position to conclude whether these new HKFRSs will have a material impact on its results of operation and financial position.

2. REVENUE

Revenue recognised during the period is analysed as follows:

	Continuing operations			
	For the three months ended 30 June		For the six months ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Sales of wood and agricultural produce	12,948	—	28,096	—
	12,948	—	28,096	—

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group's business is organised into business units based on their products and services and the Group has the following reportable operating segments:

- (a) the forestry and agricultural segment in respect of timber logging, plantation and sale of wood and agricultural produce; and
- (b) the resources and logistics segment in respect of provision of resources and logistics related businesses.

The management of the Company monitors the results of the Group's operating segments separately for the purpose of making decisions as to resources allocation and performance assessment. Segment performance is evaluated based on reportable segment loss, which is a measure of adjusted loss before tax from continuing operations. The adjusted loss before tax from continuing operations is measured consistently with the Group's loss before tax from continuing operations 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.

Business Segment

No operating segment information is presented for the six months ended 30 June 2016 and the year ended 31 December 2015 as over 90% of the Group's revenue and assets are related to the business of the timber logging, plantation and sale of wood and agricultural produce.

Geographical Information

No geographical information is further presented for the six months ended 30 June 2016 and the year ended 31 December 2015 as over 90% of the Group's revenue and non-current assets are located in Southeast Asia.

4. OTHER INCOME AND GAINS

	For the three months ended 30 June		For the six months ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Exchange gain	394	—	399	—
Others	412	—	1,929	583
	806	—	2,328	583

5. LOSS BEFORE TAX FROM CONTINUING OPERATIONS

Loss before tax from continuing operations is arrived at after charging:

	For the three months ended 30 June		For the six months ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Finance costs				
Interest on loans from third parties	5,636	6,520	13,955	12,924
Interest on loan from a financial institution	198	—	225	—
	5,834	6,520	14,180	12,924
Staff costs (excluding directors' emoluments)				
Wages and salaries	1,085	434	1,742	838
Pension scheme contributions	62	16	76	30
	1,147	450	1,818	868
Other items				
Auditors' remuneration	520	250	555	587
Depreciation of property, plant and equipment	417	617	1,098	1,328
Minimum lease payments under operating lease: land and buildings	154	108	373	319

6. INCOME TAX EXPENSES

(a) Hong Kong Profits Tax

Hong Kong Profits Tax is calculated at the rate of 16.5% on the estimated profits arising in Hong Kong during the three months and the six months ended 30 June 2016 (2015: Nil).

(b) 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 2016 (2015: Nil).

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 2016 are based on the loss attributable to equity holders of the Company being HK\$15.4 million (2015: HK\$8.7 million) and HK\$35.0 million (2015: HK\$18.1 million) divided by the weighted average number of 1,381,081,000 ordinary shares and 910,685,000 ordinary shares for the three months and the six months ended 30 June 2016 respectively. The weighted average number of ordinary shares for the three months and the six months ended 30 June 2015 of 440,290,000 ordinary shares has been retrospectively adjusted for the rights issue and share consolidation as described in notes 13b and 13c to the unaudited condensed consolidated financial statements.

No adjustment has been made to the basic loss per share amounts presented for the three months and the six months ended 30 June 2016 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. The Group had no potentially dilutive ordinary shares in issue during the three months and the six months ended 30 June 2015.

8. DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2016 (2015: Nil).

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

There was an addition of HK\$2,928,000 to the property, plant and equipment of the Group during the six months ended 30 June 2016 (2015: Nil).

There was no addition to the intangible assets of the Group during the six months ended 30 June 2015 and 2016.

10. TRADE RECEIVABLES

	At 30 June 2016 <i>HK\$'000</i> (Unaudited)	At 31 December 2015 <i>HK\$'000</i> (Audited)
Trade receivables	21,965	15,984
Less: Impairment	—	(2,001)
	21,965	13,983

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

	At 30 June 2016 <i>HK\$'000</i> (Unaudited)	At 31 December 2015 <i>HK\$'000</i> (Audited)
Current to 30 days	3,619	5,710
31 to 60 days	3,713	6,668
Over 60 days	14,633	1,605
	21,965	13,983

11. TRADE PAYABLES

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

	At 30 June 2016 <i>HK\$'000</i> (Unaudited)	At 31 December 2015 <i>HK\$'000</i> (Audited)
Within 1 month	2,746	4,246
1 to 2 months	425	1,861
	3,171	6,107

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

12. OTHER LOANS, OTHER PAYABLES AND ACCRUALS

	At 30 June 2016 HK\$'000 (Unaudited)	At 31 December 2015 HK\$'000 (Audited)
Other payables	14,748	14,605
Accrued liabilities	20,856	20,275
Due to directors	7,904	30
KW Loan (note a)		
— Principal	—	46,787
— Accrued interest	—	60,060
Working Capital Loan (note b)		
— Principal	—	15,500
— Accrued interest	—	489
	7,904	122,866
	43,508	157,746

notes:

- (a) A wholly owned subsidiary of the Company entered into a loan facility agreement in July 2013, pursuant to which the loan facility (the “KW Loan”) would bear an interest rate of 5% per annum and additional interests of 15% for the first 20 business days from default, 30% for the 3 months afterwards and 50% thereafter and is secured by the charges of the shares of its two subsidiaries. In 2014, the initial creditor of the KW Loan entered into a sale and purchase agreement with a third party to sell the KW Loan (which had been in default and had a then outstanding principal of HK\$46,787,000) and ceased to be a creditor of the KW Loan. During the six months ended 30 June 2016, an interest of HK\$13,553,000 was further accrued and recognised. As at 30 June 2016, the KW Loan and its accrued interest had been fully repaid by the Company to its two beneficiary creditors.
- (b) A working capital loan (the “Working Capital Loan”) of up to HK\$25 million which bears an interest of 5% per annum and is unsecured has been granted to the Company by a third party. During the six months ended 30 June 2016, an interest of HK\$402,000 was further accrued and recognised. The Working Capital Loan and its accrued interest had been fully repaid by the Company as at 30 June 2016.

13. 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 2015, 31 December 2015 and 1 January 2016, audited	4,000,000	200,000	2,623,951	131,198
Capital reorganisation (note a)	196,000,000	—	—	(128,574)
Issue of shares under rights issue (note b)	—	—	26,239,510	26,239
Share consolidation (note c)	(180,000,000)	—	(25,977,115)	—
Ordinary share of HK\$0.01 each at 30 Jun 2016, unaudited	20,000,000	200,000	2,886,346	28,863

Notes:

- (a) The shareholders of the Company approved at the special general meeting held on 20 April 2016 the capital reorganisation involving (i) the reduction in the par value of each issued share of the Company from HK\$0.05 to HK\$0.001 and (ii) the sub-division of the authorised but unissued shares of HK\$0.05 each into 50 new shares of HK\$0.001 each. The capital reorganisation had become effective on 21 April 2016.
- (b) The shareholders of the Company at the above meeting also approved the rights issue of the Company on the basis of ten rights shares of HK\$0.001 each for every share in issue and held on the record date at the subscription price of HK\$0.01 per rights share. The rights issue was completed on 20 May 2016 and 26,239,509,650 rights shares were issued and allotted. The premium on the issue of rights shares of HK\$230,062,000 (net of share issue expenses of HK\$6,094,000) was then credited to the Company's share premium account.
- (c) The shareholders of the Company approved at the special general meeting held on 21 June 2016 that every ten shares of the Company's issued and unissued shares with par value of HK\$0.001 each are consolidated into one share with par value of HK\$0.01 each with effect from 22 June 2016.

14. 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 2016, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	At 30 June 2016 HK\$'000 (Unaudited)	At 31 December 2015 HK\$'000 (Audited)
Within 1 year	548	106
In the second to fifth years, inclusive	285	—
	833	106

15. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Short term employee benefits	12,462	727
Equity-settled share-based payment (note a)	2,016	—
Total compensation paid to key management personnel	14,478	727

Note:

- (a) Details of the share-based payment are disclosed in the sub-section headed "Share Option Scheme" under the section headed "Management Discussion and Analysis".



16. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the Group had the following material events:

- (i) On 8 July 2016, the Company entered into a placing agreement for the placing of unsecured bonds in the principal amount of up to HK\$100 million. As at the date of this interim report, the said placing has not been completed.
- (ii) On 11 July 2016, the Company entered into a placing agreement for the placing of up to 577,260,000 new shares of the Company under general mandate at HK\$0.038 per placing share. As at the date of this interim report, the said placing had been completed and 577,260,000 new shares of the Company have been issued and allotted.

17. FAIR VALUE AND FAIR VALUE HIERARCHY

Management has assessed that the fair values of cash and bank balances, trade receivables and financial assets included in deposits and other receivables, financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair value of the financial assets are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Fair value hierarchy

The Group did not have any financial instrument which are measured at fair value as at the end of the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL AND BUSINESS REVIEW

The Group is principally engaged in (i) forestry and agricultural business (the sale of wood and agricultural produce) and (ii) resources and logistics business.

Revenue for the six months ended 30 June 2016 amounted to HK\$28.1 million (2015: Nil) and was derived from the sale of wood and agricultural produce.

The consolidated loss attributable to its equity holders of the Company for the six months ended 30 June 2016 amounted to HK\$35.0 million (2015: HK\$18.1 million). The increase in loss for current period was mainly attributable to (i) the increase in staff cost incurred after re-activation of Group's forestry and agricultural business and from efforts in re-activating its resources and logistics business; (ii) the finance costs arising from the interest on certain loans of the Group; and (iii) the increase in salaries and bonus payments to management and staff.


The basic and diluted loss per share for the six months ended 30 June 2016 was HK3.84 cents (2015: HK4.12 cents (restated)).

FINANCIAL RESOURCES, BORROWINGS AND LIQUIDITY

During the six months ended 30 June 2016, the net cash outflow from operating activities amounted to HK\$18.4 million (2015: HK\$4.5 million) and the net cash outflow from investing activities amounted to HK\$2.9 million (2015: Nil) and net cash inflow from financing activities was HK\$119.3 million (2015: HK\$4.6 million). As a result of the cumulative effect described above, the Group recorded a net cash inflow of HK\$98.0 million (2015: HK\$0.1 million).

As at 30 June 2016, the Group had total assets of HK\$451.8 million (31 December 2015: HK\$344.6 million) and total liabilities of HK\$49.6 million (31 December 2015: HK\$165.7 million). The Group's gearing ratio (calculated as percentage of the Group's total liabilities to total assets) has been greatly improved from 48.1% as at 31 December 2015 to 11.0% as at 30 June 2016. As at 30 June 2016, the Group did not have any outstanding bank borrowings (31 December 2015: Nil).

As at 30 June 2016, the Group's current assets amounted to HK\$128.2 million (31 December 2015: HK\$22.8 million), of which HK\$102.2 million (31 December 2015: HK\$4.2 million) was cash and bank balances, and current liabilities amounted to HK\$49.6 million (31 December 2015: HK\$165.7 million).



As at 30 June 2016, the net asset value of the Group amounted to HK\$402.2 million (31 December 2015: HK\$178.8 million) and the net asset value per share amounted to HK\$0.14 (31 December 2015: HK\$0.07).

CAPITAL COMMITMENT

During the six months ended 30 June 2016, the Group did not have any capital commitment.

SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITIONS AND DISPOSALS

During the six months ended 30 June 2016, the Group did not make any significant investment and any material acquisition/disposal.

CHARGE ON ASSETS OF THE GROUP

As at 30 June 2016, no assets of the Group have been pledged.

RISKS

Exposure to Exchange Fluctuation

The Group mainly operates in Hong Kong, Southeast Asia and the People's Republic of China 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 business is also subject to a number of risks including the weather conditions, natural hazards, illegal loggings and the price movement of wood and agricultural produce.

CONTINGENT LIABILITIES

As at 30 June 2016, 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 16 to this interim report.

RECENT DEVELOPMENT AND PROSPECTS

As disclosed in the announcement of the Company in May 2016, the Company is collaborating investor/business partners for development of its forestry and agricultural business in Cambodia. In addition, the Company also entered into a framework agreement with a solar power operator for strategic cooperation with a view to expanding the Group's resources and logistics business to cover the green resources business. Looking forward, the Group will (i) continue to implement strategies to strengthen its forestry and agricultural business; (ii) expand its resources and logistics business; (iii) keep abreast appropriate investment/business opportunities which can broaden the Group's income sources. The Group will also continue to seize debt/equity fund raising opportunities to enhance its financial capacity.

EMPLOYEES' INFORMATION AND BENEFIT SCHEMES FOR THE EMPLOYEES

As at 30 June 2016, the Group had 81 (31 December 2015: 18) employees. The Group remunerates its employees based on their performance, working experience and the prevailing market condition.

OTHER INFORMATION

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

As at 30 June 2016, 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	Capacity Interest	Number of Ordinary Shares held	Number of underlying Shares held	Approximate Percentage of shareholding in the Company
Ms. Yu Xiao Min	Interest of controlled corporation	12,000,000	—	0.42%

SHARE OPTION SCHEME

Pursuant to the share option scheme approved by the shareholders of the Company on 10 June 2011, employees and directors of the Company and its subsidiaries may be granted options to subscribe for the shares of the Company and the principal terms 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 during the six months ended 30 June 2016 and as at 30 June 2016 are as follows:

Grantee	Date of grant	Exercise period	Exercise price per share (HK\$) (Note)	Number of share options (Note)				
				As 1 January 2016	Granted during the period	Exercised during the period	Lapsed during the period	At 30 June 2016
Employee	27-5-2016	27-5-2016 to 26-5-2018	0.16	—	21,000,000	—	—	21,000,000

Note: The exercise price and number of share options were adjusted pursuant to the share consolidation for 10 shares into 1 consolidated share of the Company effective from 22 June 2016.

In accordance with the terms of the share option scheme, options granted during the six months ended 30 June 2016 have been vested as at the date of grant. The closing price of the shares of the Company immediately before the date on which the share options were granted was HK\$0.013.

The fair value of the share options granted as at 27 May 2016 which is determined to be approximately HK\$0.0096 each 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 27 May 2016 are based on the Directors' best estimate. The value of an option may vary with different variables of certain subjective assumptions.

Inputs into the model

Date of grant	27 May 2016
Grant date share price	HK\$0.016
Exercise price	HK\$0.016
Expected volatility	242.11%
Option life	2 years
Dividend yield	0.00%
Risk-free interest rate	0.568%

The Group recognised a total expense of HK\$2,016,000 (2015: Nil) relating to the equity-settled share-based payment transaction during the six months ended 30 June 2016.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Save as disclosed above, as at 30 June 2016, 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 2016, 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 10% 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	Approximately percentage of shareholding in the Company
China Wah Yan Healthcare Limited and its subsidiaries	Corporate owner	845,568,863	—	29.30%

INTERIM DIVIDENDS

The Board does not recommend the payment of any interim dividends for the six months ended 30 June 2016 (2015: 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 2016 or during the six months ended 30 June 2016.

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

During the six months ended 30 June 2016, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

COMPETING INTERESTS

None of the directors, or substantial shareholders of the Company or any of their respective 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 2016.

CORPORATE GOVERNANCE

During the six months ended 30 June 2016, 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. Hung Kenneth. The Audit Committee's primary duties include ensuring the Group's financial statements, annual and interim reports, and the independent auditor's report present a true and balanced assessment of the Group's financial position; reviewing the Group's financial controls, internal controls and risk management systems; and reviewing the Group's financial and accounting policies and practices. The Audit Committee is provided with sufficient resources to enable it to discharge its duties.

The Audit Committee has reviewed this unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2016 and was of the opinion that the preparation of the unaudited interim results complied with applicable accounting standards, the GEM Listing Rules and that adequate disclosures had been made.

By order of the Board
Yu Xiao Min
Chairperson of the Board

Hong Kong, 2 August 2016