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IRC Limited 鐵江現貨有限公司
(Incorporated in Hong Kong with limited liability)
(Stock code: 1029)

INSIDE INFORMATION ADMINISTRATIVE OFFENCE PROCEEDING AGAINST K&S

Thursday, 3 June 2021: This announcement is made by IRC Limited (“**IRC**” or the “**Company**”, together with its subsidiaries, the “**Group**”; Stock Code 1029) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform shareholders and potential investors that it has been brought to the Board’s attention that an administrative offence proceeding has been brought against Kimkano-Sutarsky Mining and Beneficiation Plant LLC (a wholly-owned subsidiary of the Company) (“**K&S**”). These proceedings are brought by the Russian Federal Service for Environmental, Technological, and Nuclear Supervision (“**RTN**”) in the Obluchensky District Court of the Jewish Autonomous Region, the Republic of Russia for operating the K&S project without the requisite approvals (the “**Non-compliances**”).

Construction of K&S was carried out based on the original project design, which received the necessary approvals of the Russian authorities before the construction works began. However, for various reasons, including improvement of technology, production efficiency, cost saving considerations and correction of the construction deficiencies of the main contractor, some equipment and machinery were replaced and/or added. As a result, some of the actual production facilities deviated from the approved project design. The Company believes this is not an uncommon occurrence when a relatively complex production facility is put into operation. Thus, the design documentation should have been updated and submitted to the Russian State authorities for approval.

While K&S was updating the design documents and preparing the application for approvals, in February 2020, RTN made an inspection of K&S, during which it determined the deviations from the approved design as “**Non-compliances**”. Accordingly, RTN required K&S to complete the process of obtaining the relevant approvals by November 2020. Upon receiving RTN’s notice, K&S continued to rectify the Non-compliances. However, due to the COVID-19 pandemic, K&S was not able to complete the required works by the due date of November 2020, and in December 2020, at K&S’s request, the RTN reviewed the progress of updating the design documentation and application for approval, and granted K&S an extension of the deadline to 31 December 2021 to complete the works and formalities.

Surprisingly and despite the extension of the deadline to complete the required work, in April 2021 RTN conducted an unscheduled inspection at the K&S project site. Following the inspection, RTN issued a notice informing K&S of its decision to commence an administrative offence proceeding against K&S at the local court for not registering the facility as hazardous. This registration is not possible without completion of the above-mentioned design documents update and application for approvals, for which the Company had the extension until December 2021 granted by RTN. It has been brought to the Board's attention that the proceeding was registered at the local court on 2 June 2021. The date of the court hearing is yet to be fixed. In the meantime, K&S will continue to operate as usual.

The potential outcome of the administrative offence proceeding is unclear. The Board understands that if K&S is found to have committed an offence a fine may be imposed by the court and/or, K&S may be required to suspend its operations until the required works and formalities are completed and necessary approvals are received.

The Company will keep the shareholders and potential investors informed of any further material developments in this matter as and when appropriate.

Shareholders of the Company and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
IRC Limited
Yury Makarov
Chief Executive Officer

Hong Kong, People's Republic of China
Thursday, 3 June 2021

As at the date of this announcement, the Executive Director of the Company is Mr Yury Makarov. The Non-Executive Directors are Mr Peter Hambro, Mr Danila Kotlyarov, Mr Denis Alexandrov and Mr Aleksei Kharitontsev. The Independent Non-Executive Directors are Mr Daniel Bradshaw, Mr Chuang-Fei Li, Mr Jonathan Martin Smith, Mr Raymond Kar Tung Woo and Mr Martin Davison.

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