

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this joint announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this joint announcement.

This joint announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of IRC Limited.



AXIOMA CAPITAL FZE LLC
*(Incorporated in United Arab Emirates
with limited liability)*

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

JOINT ANNOUNCEMENT

- (1) MANDATORY CONDITIONAL CASH OFFERS BY
FIRST FIDELITY CAPITAL (INTERNATIONAL) LIMITED
FOR AND ON BEHALF OF AXIOMA CAPITAL FZE LLC
TO ACQUIRE ALL THE ISSUED SHARES
(OTHER THAN THOSE ALREADY OWNED AND/OR
AGREED TO BE ACQUIRED BY AXIOMA CAPITAL FZE LLC AND
PARTIES ACTING IN CONCERT WITH IT) AND
TO CANCEL ALL THE OUTSTANDING SHARE OPTIONS OF
IRC LIMITED;**
- (2) ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE;**
- (3) APPOINTMENT OF THE INDEPENDENT FINANCIAL ADVISER;**
- AND**
- (4) RESUMPTION OF TRADING**

Financial Adviser to the Offeror
 **紅日資本有限公司**
RED SUN CAPITAL LIMITED

Offer Agent to the Offeror
 **First Fidelity Capital**
首信資本集團

Independent Financial Adviser to the Independent Board Committee

AMASSE CAPITAL
寶 積 資 本

INTRODUCTION

The Company was informed by the Offeror that on 1 November 2023, the Offeror and the Vendor entered into the Sale and Purchase Agreement pursuant to which the Vendor has agreed to sell and the Offeror has agreed to purchase 401,812,360 Sale Shares, representing approximately 4.72% of the total issued share capital of the Company as at the date of this joint announcement, at a consideration of HK\$47,413,858.48, which is equivalent to HK\$0.118 per Sale Share. The Acquisition was completed on 1 November 2023.

As at the date of this joint announcement, the Company has 8,519,657,257 Shares in issue. Immediately prior to the completion of the Acquisition, the Offeror and the parties acting in concert with it were interested in 2,205,900,000 Shares, representing approximately 25.89% of the total issued share capital of the Company. Immediately after the completion of the Acquisition, the Offeror and parties acting in concert with it are interested in 2,607,712,360 Shares, representing approximately 30.61% of the total issued share capital of the Company.

Accordingly, pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory conditional cash offer for all the issued Shares (other than those already owned and/or agreed to be acquired by the Offeror and parties acting in concert with it). Pursuant to Rule 13 of the Takeovers Code, the Offeror will also make an appropriate cash offer to the Optionholders to cancel all the outstanding Share Options.

MANDATORY CONDITIONAL CASH OFFERS

FFC, for and on behalf of the Offeror, will make the Offers (i) to acquire all the Offer Shares; and (ii) to cancel all the outstanding Share Options pursuant to Rule 13 of the Takeovers Code on the terms to be set out in the Composite Document to be issued in accordance with the Takeovers Code on the following basis:

The Share Offer

For each Offer Share HK\$0.118 in cash

The Share Offer Price of HK\$0.118 per Offer Share is equal to the price per Sale Share payable by the Offeror under the Sale and Purchase Agreement.

The Offer Shares to be acquired under the Share Offer shall be fully paid and free from any Encumbrances together with all rights attaching to them, including all rights to any dividend or other distribution declared, made or paid on or after the date on which the Share Offer is made, being the date of the despatch of the Composite Document. The Company confirms that as at the date of this joint announcement, (a) it has not declared any dividend which is outstanding and not yet paid; and (b) it does not have any intention to make, declare or pay any future dividend or make other distributions prior to the close of the Share Offer.

The Option Offer

For cancellation of each Share Option HK\$0.0001 in cash

Pursuant to Rule 13 and Practice Note 6 of the Takeovers Code, the Option Offer Price would normally represent the difference between the exercise prices of the Share Options and the Share Offer Price. Given that the exercise price of the outstanding Share Options of HK\$0.296 per Share Option is above the Share Offer Price of HK\$0.118 per Offer Share, the outstanding Share Options are out-of-money and the Option Offer Price for the cancellation of each outstanding Share Option will be a nominal cash amount of HK\$0.0001.

As at the date of this joint announcement, save for the 178,889,628 outstanding Share Options, the Company does not have any outstanding options, derivatives, warrants or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) which are convertible or exchangeable into Shares or which confer rights to require the issue of Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares or which confer rights to require the issue of Shares.

Conditions to the Offers

The Share Offer is conditional only on valid acceptances being received in respect of such number of Offer Shares, which together with Shares owned, acquired or agreed to be acquired by the Offeror and parties acting in concert with it before or during the Share Offer, will result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights in the Company. The Option Offer will be conditional on the Share Offer becoming or being declared unconditional in all respects.

Further announcement(s) in relation to the revision, extension or lapse of the Offers or the fulfillment of the conditions of the Offers shall be made in accordance with the Takeovers Code and the Listing Rules in due course.

Value of the Offers

As at the date of this joint announcement, the Company has 8,519,657,257 Shares in issue. On the basis of the Share Offer Price of HK\$0.118 per Offer Share, the entire issued share capital of the Company would be valued at approximately HK\$1,005,319,556.

As at the date of this joint announcement, under the Share Option Scheme, there are 178,889,628 outstanding Share Options, all of which have been vested to the relevant grantees.

Assuming that (i) there is no change in the issued share capital of the Company from the date of this joint announcement and up to the close of the Offers; and (ii) no outstanding Share Options are exercised, and excluding the 2,607,712,360 Shares held by the Offeror as at the date of this joint announcement, 5,911,944,897 Shares will be subject to the Share Offer and the 178,889,628 outstanding Share Options will be subject to the Option Offer. In the case that the Share Offer and the Option Offer are accepted in full, (i) the maximum consideration payable by the Offeror for the Share Offer is valued at approximately HK\$697,609,498; and (ii) the maximum consideration payable by the Offeror for the cancellation of all outstanding Share Options under the Option Offer is valued at approximately HK\$17,889. The aggregate value of the Offers is approximately HK\$697,627,387.

Assuming that (i) there is no change in the issued share capital of the Company (other than the allotment and issue of the new Shares upon exercise of the outstanding Share Options) from the date of this joint announcement and up to the close of the Offers; and (ii) the outstanding Share Options are exercised in full, and excluding the 2,607,712,360 Shares held by the Offeror as at the date of this joint announcement, 6,090,834,525 Shares will be subject to the Share Offer and no Share Options will be subject to the Option Offer. In the case that the Share Offer is accepted in full, the maximum consideration payable by the Offeror for the Share Offer is valued at approximately HK\$718,718,474; and (ii) no amount will be payable by the Offeror for the Option Offer. The aggregate value of the Offers is approximately HK\$718,718,474.

Financial resources available to the Offeror

The Offeror intends to finance the consideration payable under the Offers in full by its own internal resources. Red Sun Capital Limited, being the financial adviser to the Offeror in respect of the Offers, is satisfied that sufficient resources are and will remain available to the Offeror to satisfy the maximum payment obligations upon full acceptance of the Offers.

ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising Mr. Dmitry Vsevolodovich Dobryak, Ms. Natalia Klimentievna Ozhegina, Mr. Vitaly Georgievich Sheremet and Mr. Alexey Mihailovich Romanenko, each of whom being an independent non-executive Director who has no relationship with the Offeror and/or Mr. Levitskii and has no direct and indirect interest in the Offers, has been established by the Company pursuant to Rule 2.1 of the Takeovers Code to make a recommendation to the Independent Shareholders and Optionholders in respect of the Offers, as to whether the Offers are fair and reasonable and as to the acceptance of the Offers.

Mr. Levitskii, being a non-executive Director, the chairman of the Board as well as the beneficial owner of the Offeror, is considered to have conflict of interest in advising on the terms of the Offers, and therefore has not been appointed as a member of the Independent Board Committee.

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

With the approval of the Independent Board Committee, Amasse Capital Limited has been appointed by the Company to act as the Independent Financial Adviser pursuant to Rule 2.1 of the Takeovers Code to advise the Independent Board Committee in respect of the Offers, and in particular, as to whether the Offers are fair and reasonable and as to the acceptance of the Offers.

DESPATCH OF COMPOSITE DOCUMENT

Pursuant to Rule 8.2 of the Takeovers Code, the Offeror is required to despatch an offer document containing the terms of the Offers, together with the Form(s) of Acceptance, to the Independent Shareholders and the Optionholders no later than twenty-one (21) days after the date of this joint announcement, or such later date as the Executive may approve in accordance with the Takeovers Code.

It is the intention of the Offeror and the Company to combine the offer document and the offeree board circular into the Composite Document. Accordingly, the Composite Document containing, among other things, (i) the details of the Offers (including the expected timetable and terms of the Offers); (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholder in respect of the Offers; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and Independent Shareholder in respect of the Offers, together with the Form(s) of Acceptance, will be jointly issued and despatched by the Offeror and the Company to the Shareholders and the Optionholders in accordance with the Takeovers Code.

RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on Thursday, 2 November 2023 pending the publication of this joint announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on Thursday, 9 November 2023.

WARNING

Shareholders, Optionholders and potential investors of the Company should note that the Independent Board Committee has yet to consider and evaluate the Offers. The Directors make no recommendation as to the fairness or reasonableness of the Offers or as to the acceptance of the Offers in this joint announcement.

The Offers are conditional upon the fulfillment of the condition set out in the section headed “Condition to the Offers” in this joint announcement. If the total number of Offer Shares in respect of the valid acceptances which the Offeror received at or before 4:00 p.m. on the first closing date of the Offers (or such other time as the Offeror may, subject to the Takeovers Code, decide) under the Share Offer, together with the Shares acquired before or during the Offers, does not result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of the Company, the Offers will not become unconditional and will lapse.

Shareholders and Optionholders should read the Composite Document carefully, including the recommendations of the Independent Board Committee in respect of the Offers and a letter of advice from the Independent Financial Adviser, before forming a view on the Offers. Shareholders, Optionholders and potential investors of the Company are advised to monitor the announcements to be made by the Company or jointly by the Offeror and the Company in respect of the progress of the Offers and exercise caution when dealing in the securities of the Company. If Shareholders, Optionholders and potential investors of the Company are in any doubt about their position, they should consult their professional advisers.

INTRODUCTION

The Company was informed by the Offeror that on 1 November 2023, the Offeror and the Vendor entered into the Sale and Purchase Agreement pursuant to which the Vendor has agreed to sell and the Offeror has agreed to purchase 401,812,360 Sale Shares, representing approximately 4.72% of the total issued share capital of the Company as at the date of this joint announcement, at a consideration of HK\$47,413,858.48, which is equivalent to HK\$0.118 per Sale Share. The Acquisition was completed on 1 November 2023.

As at the date of this joint announcement, the Company has 8,519,657,257 Shares in issue. Immediately prior to the completion of the Acquisition, the Offeror and the parties acting in concert with it were interested in 2,205,900,000 Shares, representing approximately 25.89% of the total issued share capital of the Company. Immediately after the completion of the Acquisition, the Offeror and parties acting in concert with it are interested in 2,607,712,360 Shares, representing approximately 30.61% of the total issued share capital of the Company.

Accordingly, pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory conditional cash offer for all the issued Shares (other than those already owned and/or agreed to be acquired by the Offeror and parties acting in concert with it). Pursuant to Rule 13 of the Takeovers Code, the Offeror will also make an appropriate cash offer to the Optionholders to cancel all the outstanding Share Options.

MANDATORY CONDITIONAL CASH OFFERS

FFC, for and on behalf of the Offeror, will make the Offers (i) to acquire all the Offer Shares; and (ii) to cancel all the outstanding Share Options pursuant to Rule 13 of the Takeovers Code on the terms to be set out in the Composite Document to be issued in accordance with the Takeovers Code on the following basis:

The Share Offer

For each Offer Share HK\$0.118 in cash

The Share Offer Price of HK\$0.118 per Offer Share is equal to the price per Sale Share payable by the Offeror under the Sale and Purchase Agreement.

The Offer Shares to be acquired under the Share Offer shall be fully paid and free from any Encumbrances together with all rights attaching to them, including all rights to any dividend or other distribution declared, made or paid on or after the date on which the Share Offer is made, being the date of the despatch of the Composite Document. The Company confirms that as at the date of this joint announcement, (a) it has not declared any dividend which is outstanding and not yet paid; and (b) it does not have any intention to make, declare or pay any future dividend or make other distributions prior to the close of the Share Offer.

The Share Offer Price of HK\$0.118 per Offer Share represents:

- (i) a premium of approximately 32.58% over the closing price of HK\$0.089 per Share as quoted on the Stock Exchange on the date of this joint announcement;
- (ii) a premium of approximately 32.58% over the closing price of HK\$0.089 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a premium of approximately 31.11% over the average closing price of approximately HK\$0.090 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a premium of approximately 31.11% over the average closing price of HK\$0.090 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days immediately prior to and including the Last Trading Day;
- (v) a premium of approximately 31.11% over the average closing price of approximately HK\$0.090 per Share as quoted on the Stock Exchange for the thirty (30) consecutive trading days immediately prior to and including the Last Trading Day;
- (vi) a discount of approximately 71.36% to the audited consolidated net assets attributable to owners of the Company per Share of approximately HK\$0.412 as at 31 December 2022, which was calculated based on the Group's latest published audited consolidated net assets attributable to owners of the Company of approximately US\$448,608,000 (equivalent to approximately HK\$3,508,115,000) as extracted from the annual report of the Company for the year ended 31 December 2022 and 8,519,657,257 Shares in issue as at 31 December 2022; and
- (vii) a discount of approximately 66.38% to the unaudited consolidated net assets attributable to owners of the Company per Share of approximately HK\$0.351 as at 30 June 2023, which was calculated based on the Group's latest published unaudited consolidated net assets attributable to owners of the Company of approximately US\$382,023,000 (equivalent to approximately HK\$2,987,420,000) as extracted from the interim report of the Company for the six months ended 30 June 2023 and 8,519,657,257 Shares in issue as at 30 June 2023.

The Option Offer

For cancellation of each Share Option HK\$0.0001 in cash

Pursuant to Rule 13 and Practice Note 6 of the Takeovers Code, the Option Offer Price would normally represent the difference between the exercise prices of the Share Options and the Share Offer Price. Given that the exercise price of the outstanding Share Options of HK\$0.296 per Share Option is above the Share Offer Price of HK\$0.118 per Offer Share, the outstanding Share Options are out-of-money and the Option Offer Price for the cancellation of each outstanding Share Option will be a nominal cash amount of HK\$0.0001.

As at the date of this joint announcement, save for the 178,889,628 outstanding Share Options, the Company does not have any outstanding options, derivatives, warrants or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) which are convertible or exchangeable into Shares or which confer rights to require the issue of Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares or which confer rights to require the issue of Shares.

Conditions to the Offers

The Share Offer is conditional only on valid acceptances being received in respect of such number of Offer Shares, which together with Shares owned, acquired or agreed to be acquired by the Offeror and parties acting in concert with it before or during the Share Offer, will result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights in the Company. The Option Offer will be conditional on the Share Offer becoming or being declared unconditional in all respects.

Further announcement(s) in relation to the revision, extension or lapse of the Offers or the fulfillment of the conditions of the Offers shall be made in accordance with the Takeovers Code and the Listing Rules in due course.

Highest and lowest Share prices

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the six-month period immediately prior to the commencement of the Offer Period and up to and including the date of this joint announcement were HK\$0.095 per Share on 29 August 2023 and HK\$0.082 per Share on 17 May 2023, respectively.

Value of the Offers

As at the date of this joint announcement, the Company has 8,519,657,257 Shares in issue. On the basis of the Share Offer Price of HK\$0.118 per Offer Share, the entire issued share capital of the Company would be valued at approximately HK\$1,005,319,556.

As at the date of this joint announcement, under the Share Option Scheme, there are 178,889,628 outstanding Share Options, all of which have been vested to the relevant grantees.

Assuming that (i) there is no change in the issued share capital of the Company from the date of this joint announcement and up to the close of the Offers; and (ii) no outstanding Share Options are exercised, and excluding the 2,607,712,360 Shares held by the Offeror as at the date of this joint announcement, 5,911,944,897 Shares will be subject to the Share Offer and the 178,889,628 outstanding Share Options will be subject to the Option Offer. In the case that the Share Offer and the Option Offer are accepted in full, (i) the maximum consideration payable by the Offeror for the Share Offer is valued at approximately HK\$697,609,498; and (ii) the maximum consideration payable by the Offeror for the cancellation of all outstanding Share Options under the Option Offer is valued at approximately HK\$17,889. The aggregate value of the Offers is approximately HK\$697,627,387.

Assuming that (i) there is no change in the issued share capital of the Company (other than the allotment and issue of the new Shares upon exercise of the outstanding Share Options) from the date of this joint announcement and up to the close of the Offers; and (ii) the outstanding Share Options are exercised in full, and excluding the 2,607,712,360 Shares held by the Offeror as at the date of this joint announcement, 6,090,834,525 Shares will be subject to the Share Offer and no Share Options will be subject to the Option Offer. In the case that the Share Offer is accepted in full, the maximum consideration payable by the Offeror for the Share Offer is valued at approximately HK\$718,718,474; and (ii) no amount will be payable by the Offeror for the Option Offer. The aggregate value of the Offers is approximately HK\$718,718,474.

Financial resources available to the Offeror

The Offeror intends to finance the consideration payable under the Offers in full by its own internal resources. Red Sun Capital Limited, being the financial adviser to the Offeror in respect of the Offers, is satisfied that sufficient resources are and will remain available to the Offeror to satisfy the maximum payment obligations upon full acceptance of the Offers.

Effect of Accepting the Offers

Acceptance of the Share Offer by any Independent Shareholders will constitute a warranty by such person that all Offer Shares to be sold by such person under the Share Offer are fully paid and free from all Encumbrances whatsoever together with all rights and interests attaching thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date of the Composite Document.

By validly accepting the Option Offer, the Share Options tendered by the Optionholders will be cancelled, together with all rights and interests attaching thereto. The Share Options will lapse automatically (to the extent not exercised) upon the close of the Offers.

Acceptance of the Offers would be irrevocable and would not be capable of being withdrawn, subject to the provisions of the Takeovers Code.

Payment

Subject to the Offers having become, or have been declared, unconditional in all respects, payment in cash in respect of acceptances of the Offers will be made as soon as possible but in any event no later than seven (7) business days (as defined in the Takeovers Code) after the later of the date of receipt of a duly completed acceptance of the Offers, or the date on which the Offers become or are declared unconditional in all aspects.

Relevant documents evidencing title must be received by the Offeror (or its agent) to render such acceptance of the Offers complete and valid. The latest time on which the Offeror can declare the Offers unconditional as to acceptances is 7:00 p.m. on the 60th day after the despatch of the Composite Document (or such later date to which the Executive may consent). If the Offers are withdrawn or lapse, pursuant to Rule 20.2 of the Takeovers Code, the Offeror is required to, as soon as possible but in any event no later than seven (7) business days (as defined in the Takeovers Code) after the Offers are withdrawn or lapse, post the Share certificates and Share Option certificates (if applicable) lodged with the Form(s) of Acceptance to, or make such Share certificates and Share Option certificates (if applicable) available for collection by, those Independent Shareholders and Optionholders who have accepted the Offers.

No fractions of a cent will be payable and the amount of the consideration payable to an Independent Shareholder or Optionholder who accepts the Offers will be rounded up to the nearest cent.

Overseas Shareholders and Overseas Optionholders

The Offeror intends to make the Offers available to all Independent Shareholders and Optionholders, including the Overseas Shareholders and Overseas Optionholders. However, the Offers to persons not resident in Hong Kong may be affected by the laws of the relevant jurisdiction in which they reside. The making of the Offers to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or limited by the laws or regulations of the relevant jurisdictions. Overseas Shareholders and/or Overseas Optionholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek independent legal advice. It is the responsibility of Overseas Shareholders and the Overseas Optionholders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offers (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due from the accepting Overseas Shareholders and Overseas Optionholders in respect of such jurisdictions).

In the event that the despatch of the Composite Document to the Overseas Shareholders or Overseas Optionholders is prohibited by any relevant law or regulation or may only be effected after compliance with conditions or requirements that the Directors regard as unduly onerous or burdensome (or otherwise not in the best interests of the Company or Shareholders), the Composite Document may not be despatched to such Overseas Shareholders or such Overseas Optionholders.

In such circumstances, the Offeror will apply for waiver from the Executive regarding the issue of the Composite Document to particular Overseas Shareholders or Overseas Optionholders pursuant to Note 3 to Rule 8 of the Takeovers Code at such time (where appropriate).

Any acceptance of the Offers by any Overseas Shareholder and/or Overseas Optionholder will be deemed to constitute a representation and warranty from such Overseas Shareholder and/or Overseas Optionholder to the Offeror that the local laws and regulations have been complied with. Overseas Shareholders and Overseas Optionholders should consult their professional advisers if in doubt.

Hong Kong Stamp Duty

The seller's Hong Kong ad valorem stamp duty arising in connection with acceptance of the Share Offer at a rate of 0.13% (or 0.1% if the Stamp Duty (Amendment) (Stock Transfers) Bill 2023 shall have been passed and promulgated) of the consideration payable in respect of the relevant acceptances, or (if higher) the value of the Shares as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong), will be deducted from the amount payable to the Independent Shareholders who accept the Share Offer. The Offeror will then arrange for payment of the stamp duty on behalf of those Independent Shareholders who accepted the Share Offer. The Offeror will bear the Offeror's ad valorem stamp duty in connection with the acceptance of the Share Offer and the transfer of the Offer Shares.

No stamp duty is payable in connection with the acceptance of the Option Offer.

Taxation Advice

Independent Shareholders and Optionholders are recommended to consult their own professional advisers as to the taxation implications of accepting or rejecting the Offers. It is emphasised that none of the Company, the Offeror or parties acting in concert with it or any of their respective directors, officers or associates or any other person involved in the Offers accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

DEALING AND INTEREST IN THE SECURITIES OF THE COMPANY

The Offeror confirms that as at the date of this joint announcement:

- (i) save for (i) the acquisition of 85,900,000 Shares on 28 July 2023 by the Offeror from Ineth Limited, being a third party independent of and not connected with the Offeror, at a consideration of HK\$0.095 per Share which was completed on 23 August 2023; (ii) the acquisition of 2,120,000,000 Shares on 28 July 2023 by the Offeror from AXIOMI CONSOLIDATION LTD, being a wholly-controlled company of Mr. Levitskii, at a consideration of HK\$0.095 per Share which was completed on 23 August 2023; and (iii) the Acquisition, neither the Offeror nor any person acting in concert with it has dealt for value in any Shares, warrants, options or derivatives of the Company or other securities convertible into Shares during the period commencing six months prior to the commencement of the Offer Period and up to and including the date of this joint announcement;

- (ii) save for the 2,607,712,360 Shares held by the Offeror, neither the Offeror nor any person acting in concert with it owns or has control or direction over any voting rights or rights over the Shares or convertible securities, warrants, options or derivatives of the Company;
- (iii) there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Shares and which might be material to the Offers;
- (iv) neither the Offeror nor any person acting in concert with it has received any irrevocable commitment to accept the Offers;
- (v) there is no agreement or arrangement to which the Offeror or any person acting in concert with it, is a party which relates to circumstances in which the Offeror may or may not invoke or seek to invoke a pre-condition or a condition to the Offers;
- (vi) neither the Offeror nor any person acting in concert with it has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (vii) there is no outstanding derivative in respect of the securities in the Company entered into by the Offeror or any person acting in concert with it;
- (viii) save for the consideration of HK\$47,413,858.48 paid by the Offeror to the Vendor under the Sale and Purchase Agreement, there is no other consideration, compensation or benefits in whatever form paid or to be paid by the Offeror and parties acting in concert with it to the Vendor and parties acting in concert with it in connection with the Acquisition;
- (ix) save for the Sale and Purchase Agreement, there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the Offeror and/or any parties acting concert with it on the other hand, and the Vendor and any parties acting in concert with it on the other hand; and
- (x) save for the Sale and Purchase Agreement, there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (1) any Shareholder; and (2)(a) the Offeror and any party acting in concert with it, or (b) the Company, its subsidiaries or associated companies.

SHAREHOLDING STRUCTURE OF THE COMPANY

The table below sets out the shareholding structure of the Company (i) immediately prior to the completion of the Acquisition; and (ii) immediately after the completion of the Acquisition and as at the date of this joint announcement:

Shareholders	Immediately prior to the completion of the Acquisition		Immediately after the completion of the Acquisition and as at the date of this joint announcement	
	Number of Shares	Approximate % (Note 1)	Number of Shares	Approximate % (Note 1)
The Offeror and parties acting in concert with it				
– The Offeror (Note 2)	2,205,900,000	25.89	2,607,712,360	30.61
MIC Invest Limited Liability Company (“MIC”) (Note 3)	1,419,942,876	16.67	1,419,942,876	16.67
Public Shareholders	4,893,814,381	57.44	4,492,002,021	52.72
Total	8,519,657,257	100.00	8,519,657,257	100.00

Notes:

1. The percentage had been calculated on the basis of 8,519,657,257 issued Shares as at the date of this joint announcement.
2. The Offeror is wholly, ultimately and beneficially owned by Mr. Levitskii, being a non-executive Director and the chairman of the Board. As such, Mr. Levitskii is deemed or taken to be interested in the 2,607,712,360 Shares held by the Offeror upon the completion of the Acquisition and as at the date of this joint announcement by virtue of the SFO.
3. MIC is a company incorporated under the laws of the Russian Federation with limited liability and is wholly and beneficially owned by Ms. Kolesnikova Marina Alexeevna (“Ms. Kolesnikova”). As such, Ms. Kolesnikova is deemed or taken to be interested in the 1,419,942,876 Shares held by MIC by virtue of the SFO. Each of MIC and Ms. Kolesnikova is a third party independent of and not connected with the Offeror and Mr. Levitskii.
4. Certain percentage figures in the above table are subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

INFORMATION ON THE GROUP

The Group is principally engaged in the mining business and the production and development of industrial commodities products including iron ore concentrate.

Set out below is a summary of the audited financial information of the Group for the years ended 31 December 2022 and 2021 as extracted from the annual report of the Company for the year ended 31 December 2022 and 31 December 2021 respectively, and the unaudited financial information of the Company for the six months ended 30 June 2023 as extracted from the interim report of the Company for the six months ended 30 June 2023:

	For the six months ended 30 June 2023 (unaudited) US\$'000	For the year ended 31 December 2022 (audited) US\$'000	2021 (audited) US\$'000
Revenue	139,179	278,757	371,279
(Loss)/profit before tax	(60,391)	(88,540)	134,103

The audited net assets of the Group as at 31 December 2021 and 31 December 2022 were approximately US\$516,379,000 and US\$448,271,000, respectively, and the unaudited net assets of the Group as at 30 June 2023 was approximately US\$381,435,000.

INFORMATION ON THE OFFEROR

The Offeror is a company incorporated in United Arab Emirates with limited liability and is wholly, ultimately and beneficially owned by Mr. Levitskii, being a non-executive Director and the chairman of the Board. It is principally engaged in the investment and management of securities.

As at the date of this joint announcement, the Offeror is the single largest Shareholder holding 2,607,712,360 Shares, representing approximately 30.61% of the total issued share capital of the Company. Mr. Levitskii, aged 51, has spent 30 years in the sectors of mining, oil and gas and banking in Russia.

FUTURE INTENTIONS OF THE OFFEROR REGARDING THE GROUP

The Offeror considers and confirms that (a) it is intended that the Group will continue with the existing business of the Group; and (b) it has no intention to (i) introduce any major changes to the existing business of the Group or (ii) discontinue the employment of any of the Group's employees or (iii) redeploy the fixed assets of the Group other than in its ordinary course of business.

As at the date of this joint announcement, the Board comprises Mr. Denis Vitalievich Cherednichenko as executive Director; Mr. Levitskii as non-executive Director; and Mr. Dmitry Vsevolodovich Dobryak, Ms. Natalia Klimentievna Ozhegina, Mr. Vitaly Georgievich Sheremet and Mr. Alexey Mihailovich Romanenko as independent non-executive Directors.

The Offeror has no intention to change the composition of the Board following the close of the Offers.

Public float and maintaining the listing status of the Company

The Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Offers.

The Stock Exchange has stated that if, at the close of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

- (a) a false market exists or may exist in the trading of the Shares; or
- (b) there are insufficient Shares in public hands to maintain an orderly market,

then the Stock Exchange will consider exercising its discretion to suspend dealing in the Shares until the prescribed level of public float is restored.

Each of the Offeror and the new Directors to be appointed to the Board (if any) will undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares after the close of the Offers.

ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising Mr. Dmitry Vsevolodovich Dobryak, Ms. Natalia Klimentievna Ozhegina, Mr. Vitaly Georgievich Sheremet and Mr. Alexey Mihailovich Romanenko, each of whom being an independent non-executive Director who has no relationship with the Offeror and/or Mr. Levitskii and has no direct and indirect interest in the Offers, has been established by the Company pursuant to Rule 2.1 of the Takeovers Code to make a recommendation to the Independent Shareholders and Optionholders in respect of the Offers, as to whether the Offers are fair and reasonable and as to the acceptance of the Offers.

Mr. Levitskii, being a non-executive Director, the chairman of the Board as well as the beneficial owner of the Offeror, is considered to have conflict of interest in advising on the terms of the Offers, and therefore has not been appointed as a member of the Independent Board Committee.

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

With the approval of the Independent Board Committee, Amasse Capital Limited has been appointed by the Company to act as the Independent Financial Adviser pursuant to Rule 2.1 of the Takeovers Code to advise the Independent Board Committee in respect of the Offers, and in particular, as to whether the Offers are fair and reasonable and as to the acceptance of the Offers.

DESPATCH OF COMPOSITE DOCUMENT

Pursuant to Rule 8.2 of the Takeovers Code, the Offeror is required to despatch an offer document containing the terms of the Offers, together with the Form(s) of Acceptance, to the Independent Shareholders and the Optionholders no later than twenty-one (21) days after the date of this joint announcement, or such later date as the Executive may approve in accordance with the Takeovers Code.

It is the intention of the Offeror and the Company to combine the offer document and the offeree board circular into the Composite Document. Accordingly, the Composite Document containing, among other things, (i) the details of the Offers (including the expected timetable and terms of the Offers); (ii) a letter of recommendation from the Independent Board Committee in relation to the Offers; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee in relation to the Offers, together with the Form(s) of Acceptance, will be jointly issued and despatched by the Offeror and the Company to the Independent Shareholders and the Optionholders in accordance with the Takeovers Code.

DISCLOSURE OF DEALINGS

In accordance with Rule 3.8 of the Takeovers Code, associates of the Company and the Offeror (including persons holding 5% or more of a class of relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company or the Offeror) are hereby reminded to disclose their dealings in any securities of the Company pursuant to Rule 22 of the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant rules of the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on Thursday, 2 November 2023 pending the publication of this joint announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on Thursday, 9 November 2023.

WARNING

Shareholders, Optionholders and potential investors of the Company should note that the Independent Board Committee has yet to consider and evaluate the Offers. The Directors make no recommendation as to the fairness or reasonableness of the Offers or as to the acceptance of the Offers in this joint announcement.

The Offers are conditional upon the fulfillment of the condition set out in the section headed “Condition to the Offers” in this joint announcement. If the total number of Offer Shares in respect of the valid acceptances which the Offeror received at or before 4:00 p.m. on the first closing date of the Offers (or such other time as the Offeror may, subject to the Takeovers Code, decide) under the Share Offer, together with the Shares acquired before or during the Offers, does not result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of the Company, the Offers will not become unconditional and will lapse.

Shareholders and Optionholders should read the Composite Document carefully, including the recommendations of the Independent Board Committee in respect of the Offers and a letter of advice from the Independent Financial Adviser, before forming a view on the Offers. Shareholders, Optionholders and potential investors of the Company are advised to monitor the announcements to be made by the Company or jointly by the Offeror and the Company in respect of the progress of the Offers and exercise caution when dealing in the securities of the Company. If Shareholders, Optionholders and potential investors of the Company are in any doubt about their position, they should consult their professional advisers.

DEFINITIONS

In this joint announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Acquisition”	the acquisition of 401,812,360 Sale Shares by the Offeror pursuant to the terms and conditions of the Sale and Purchase Agreement
“acting in concert”	has the same meaning as ascribed to it under the Takeovers Code
“associate(s)”	has the same meaning as ascribed to it under the Takeovers Code

“Board”	the board of Directors
“Company”	IRC Limited (stock code: 1029), a company incorporated in Hong Kong with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange
“Composite Document”	the composite document to be issued jointly by the Offeror and the Company in relation to the Offers in accordance with the Takeovers Code
“Director(s)”	the director(s) of the Company from time to time
“Encumbrances”	any mortgage, charge, pledge, lien (otherwise than arising by statute or operation of law), hypothecation or other encumbrance, priority or security interest or other third party right, deferred purchase, title retention, leasing, sale-and-repurchase or sale-and-leaseback or trust arrangement whatsoever over or in any property, assets or rights of whatsoever nature and includes any agreement for any of the same
“Executive”	the executive director of the Corporate Finance Division of the SFC from time to time and any delegate of such executive director
“FFC”	First Fidelity Capital (International) Limited, a corporation licensed by the SFC to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO, being the agent making the Offers for and on behalf of the Offeror
“Form(s) of Acceptance”	the form(s) of acceptance and transfer of Shares in respect of the Offers
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent committee of the Board, comprising all 4 independent non-executive Directors (namely Mr. Dmitry Vsevolodovich Dobryak, Ms. Natalia Klimentievna Ozhegina, Mr. Vitaly Georgievich Sheremet and Mr. Alexey Mihailovich Romanenko), which has been established to advise the Independent Shareholders and Optionholders in respect of the Offers

“Independent Financial Adviser”	Amasse Capital Limited , the independent financial adviser appointed for the purpose of advising the Independent Board Committee in respect of the Offers
“Independent Shareholders”	Shareholders other than the Offeror and parties acting in concert with it
“Last Trading Day”	1 November 2023, being the last full trading day of the Shares on the Stock Exchange immediately prior to the trading suspension in the Shares pending the release of this joint announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Levitskii”	Mr. Nikolai Valentinovich Levitskii, being a non-executive Director, the chairman of the Board as well as the beneficial owner of the Offeror
“Offers”	collectively, the Share Offer and the Option Offer
“Offer Period”	the period commencing on 8 November 2023, being the date of this joint announcement, and ending on the date when the Offers close
“Offer Share(s)”	all the Share(s) in issue, other than those Shares already owned and/or agreed to be acquired by the Offeror and parties acting in concert with it, that are subject to the Share Offer
“Offeror”	AXIOMA CAPITAL FZE LLC, being a company incorporated in United Arab Emirates with limited liability and wholly, ultimately and beneficially owned by Mr. Levitskii
“Option Offer”	the mandatory conditional cash offer to be made by FFC for and on behalf of the Offeror to cancel all the outstanding Share Options in accordance with the terms and conditions to be set out in the Composite Document in accordance with the Takeovers Code
“Option Offer Price”	the price at which the Option Offer is made, being HK\$0.0001 per Share Option
“Optionholder(s)”	holder(s) of the Share Option(s)
“Overseas Optionholder(s)”	Optionholder(s) whose address(es), as shown on the register of Optionholders of the Company, is/are outside Hong Kong

“Overseas Shareholder(s)”	Shareholder(s) whose address(es), as shown on the register of members of the Company, is/are outside Hong Kong
“Sale and Purchase Agreement”	the sale and purchase agreement dated 1 November 2023 and entered into between the Vendor, as vendor, and the Offeror, as purchaser, in relation to the Acquisition
“Sale Share(s)”	401,812,360 Shares sold by the Vendor under the Sale and Purchase Agreement, representing approximately 4.72% of the total issued share capital of the Company as at the date of this joint announcement
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share Offer”	the mandatory conditional cash offer to be made by FFC for and on behalf of the Offeror to acquire all of the Offer Shares in accordance with the terms and conditions to be set out in the Composite Document in accordance with the Takeovers Code
“Share Offer Price”	the price at which the Share Offer will be made, being HK\$0.118 per Offer Share
“Share Option(s)”	share option(s) granted by the Company pursuant to the Share Option Scheme
“Share Option Scheme”	the share option scheme adopted by the Company on 20 November 2015
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Vendor”	OIKKU FINANCE LIMITED, a company wholly, ultimately and beneficially owned by Ms. Olga Chesnokova, each of which/whom is a third party independent of and not connected with the Company, and the beneficial owner of the 401,812,360 Sale Shares, representing approximately 4.72% of the total issued share capital of the Company as at the date of this joint announcement, immediately prior to the completion of the Acquisition. Immediately after the completion of the Acquisition and as at the date of this joint announcement, the Vendor does not hold any Shares.

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

For the purpose of this joint announcement, unless otherwise indicated, conversion of US\$ into HK\$ is calculated at the approximate exchange rate of US\$1.00 to HK\$7.82. This exchange rate is adopted for the purpose of illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be, exchanged at this rate or any other rates at all

By order of the board
AXIOMA CAPITAL FZE LLC
Nikolai Valentinovich Levitskii
Manager

By order of the Board
IRC Limited
Denis Cherednichenko
Chief Executive Officer

Hong Kong, 8 November 2023

As at the date of this joint announcement, the executive Director and Chief Executive Officer is Mr. Denis Cherednichenko. The Chairman and non-executive Director is Mr. Nikolai Levitskii. The independent non-executive Directors are Mr. Dmitry Dobryak, Ms. Natalia Ozhegina, Mr. Alexey Romanenko and Mr. Vitaly Sheremet.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Offeror and parties acting in concert with it) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the sole shareholder and sole manager of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

As at the date of this joint announcement, Mr. Levitskii is the sole shareholder and sole manager of AXIOMA CAPITAL FZE LLC, being the Offeror.

As at the date of this joint announcement, the Offeror has no directors and appointed Mr. Levitskii as the sole manager, who is an officer equivalent to a director under the laws of United Arab Emirates.

The sole shareholder and sole manager of the Offeror (being Mr. Levitskii) accepts full responsibility for the accuracy of the information contained in this joint announcement and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this joint announcement have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.