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

PROFIT UPDATE IN RESPECT OF THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Wednesday, 9 February 2022: 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 Stock Exchange of Hong Kong Limited and the Inside Information Provisions of Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that:

- based on the preliminary assessment of the Group’s most recent unaudited consolidated management accounts and the information currently available to the Board and before taking into account any possible adjustments (including but not limited to provision for assets impairment losses) in connection with the finalisation of the annual results of the Group for the year ended 31 December 2021, the Group is expected to record a profit attributable to Shareholders for the twelve months ended 31 December 2021 of between approximately US\$115 million to US\$125 million (corresponding period in 2020 excluding reversal of assets impairment losses: profit of US\$24.8 million); and
- based on the information currently available to the Board, the Board expects that the Group may be required to recognise a provision for asset impairment loss for the K&S mine as at 31 December 2021. However, this still needs to be determined and agreed by the Board and to be audited by the auditor of the Company. The recognition of a provision for asset impairment loss, if needed, could significantly adversely affect the Group’s financial performance for the year ended 31 December 2021.

The Board considers that the expected improvement in the Group’s underlying financial performance compared to the year ended 31 December 2020 is mainly due to the significant increase in the average iron ore price in 2021. The selling price of K&S’s product is determined with reference to the international Platts spot price of 65% iron ore concentrate. The average Platts spot price of 65% iron ore concentrate in 2021 was c.52.5% higher than that of 2020, although the price has significantly decreased during the month of December 2021.

Any impairment of the K&S mine would principally be due to 1) the weaker Platts spot price of 65% iron ore concentrate as at 31 December 2021 (as compared to that as of 31 December 2020), being the relevant date for the purposes of determining the recoverable amount of the K&S mine assets and recognising any resulting impairment or reversal of impairment of the carrying amount of the K&S mine assets, and 2) K&S's increased operating costs. Shareholders should note that any impairment charge or reversal is non-cash and non-recurring in nature and would not have a direct impact on the cash flows of the Group. The Company endeavours to monitor the situation and make a further announcement about any such impairment, if necessary, as soon as practicable.

The information contained in this announcement is based on the preliminary review and assessment by the Board with reference to the latest available financial and other information, and such information has not been reviewed or confirmed by the auditor of the Company. The actual financial results of the Group for the twelve months ended 31 December 2021 may be different from what is disclosed in this announcement.

Shareholders and potential investors of the Company are advised to read carefully the annual results announcement of the Company for the year ended 31 December 2021 which is expected to be published in March 2022, and the subsequent publication of the 2021 annual report of the Company.

Shareholders of the Company and potential investors should 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
Wednesday, 9 February 2022

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 and Mr Danila Kotlyarov. The Independent Non-Executive Directors are Mr Daniel Bradshaw, Mr Jonathan Martin Smith, Mr Raymond Kar Tung Woo and Mr Martin Davison.

IRC Limited

6H, 9 Queen's Road Central, Hong Kong
Telephone: +852 2772 0007
Email: ir@ircgroup.com.hk
Website: www.ircgroup.com.hk

For further information, please visit www.ircgroup.com.hk or contact:

Kent Lo

Manager – Communications & Investor Relations
Telephone: +852 2772 0007
Mobile: +852 9688 8293
Email: kl@ircgroup.com.hk