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

DISCLOSEABLE TRANSACTIONS
(I) ACQUISITION OF VESSEL; AND
(II) BINDING MOU IN RELATION TO THE CHARTERING OF
THE SAME VESSEL TO AN INDEPENDENT THIRD PARTY

THE ACQUISITION AND THE MOA

On 4 January 2023 (after trading hours), the Purchaser (a wholly-owned subsidiary of the Company) and the Seller entered into the MOA pursuant to which the Purchaser agreed to purchase and the Seller agreed to sell the Vessel at the Consideration of US\$20,500,000 (equivalent to approximately HK\$159,900,000) according to the terms and conditions set out therein.

THE CHARTERING ARRANGEMENT AND THE MOU

On 4 January 2023 (after trading hours), Ariti HK has also entered into a legally binding MOU with the Charterer in respect of the Chartering Arrangement pursuant to which the Charterer agreed to charter the Vessel, after the completion of the Acquisition, on terms and conditions set out in the MOU and the Bareboat Charter Agreement or any other binding agreements to be further entered into between Ariti HK and the Charterer, for an initial Charter Period of 12 months at a monthly Charter Hire of US\$1,835,000 (equivalent to approximately HK\$14,313,000). During the Charter Period, the Charterer has a purchase option to purchase the Vessel from the Purchaser. If such purchase option is not exercised, the Charterer also has an obligation to purchase the Vessel from Ariti HK on terms and conditions to be further determined and set out in the Bareboat Charter Agreement or any other binding agreements. Pursuant to the MOU, each of Ariti HK and the Charterer has undertaken to further reach an agreement and execute the Bareboat Charter Agreement or any other binding agreements to effectuate the Chartering Arrangement upon completion of the Acquisition. The purchase price shall be the difference between the Charter Value and the amount already paid out by the Charterer as Charter Hire by the time of purchase.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of each of the Acquisition, the Chartering Arrangement and the purchase option granted to the Charterer thereof exceed 5% but less than 25%, the MOA, the MOU and the respective transactions contemplated thereunder constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules.

INTRODUCTION

On 4 January 2023 (after trading hours), the Purchaser (a wholly-owned subsidiary of the Company) and the Seller entered into the MOA pursuant to which the Purchaser agreed to purchase and the Seller agreed to sell the Vessel at the Consideration of US\$20,500,000 (equivalent to approximately HK\$159,900,000) according to the terms and conditions set out therein.

On the same date (after trading hours), Ariti HK has also entered into a legally binding MOU with the Charterer in respect of the Chartering Arrangement. Pursuant to which the Charterer agreed to charter the Vessel, after the completion of the Acquisition, on terms and conditions set out in the MOU and the Bareboat Charter Agreement or any other binding agreements to be further entered into by Ariti HK and the Charterer, for an initial Charter Period of 12 months at a monthly Charter Hire of US\$1,835,000 (equivalent to approximately HK\$14,313,000). After the end of the Charter Period, the Charterer has a purchase option to purchase the Vessel from the Purchaser. If such purchase option is not exercised, the Charterer also has a purchase obligation to purchase the Vessel from Ariti HK on terms and conditions to be further determined and set out in the Bareboat Charter Agreement or any other binding agreements. Pursuant to the MOU, each of Ariti HK and the Charterer has undertaken to further reach an agreement and execute the Bareboat Charter Agreement or any other binding agreement to effectuate the Chartering Arrangement upon completion of the Acquisition.

THE ACQUISITION AND THE MOA

Date:

4 January 2023

Parties:

Seller: Kirgan Holding S.A.

Purchaser: Ariti HK Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Seller and its ultimate beneficial owner are independent third parties to the Company and its connected persons. The Seller is owned by Mr. Sergii Bratkov.

Assets to be acquired

Pursuant to the MOA, the Purchaser has agreed to purchase and the Seller has agreed to sell the Vessel named “ATLAS DOUBLE” with the following particulars:

- | | |
|--------------------------------|---|
| (1) Flag: | Belize |
| (2) Place of Registration: | Belize City |
| (3) IMO Number: | 9722168 |
| (4) Classification Society: | RINA |
| (5) Class Notation: | Special service – crane, special navigation |
| (6) Year of build: | 2014 |
| (7) Builder/Yard: | KMS Fregat Ltd. |
| (8) Gross Tonnage/Net Tonnage: | 2499/749 |

Consideration

The Consideration payable by the Purchaser pursuant to the MOA is US\$20,500,000 (equivalent to approximately HK\$159,900,000) and shall be payable by the Purchaser to the Seller in the following manner:

- (1). A deposit equivalent to 10% of the Consideration shall be paid to a bank account of the Seller within four Banking Days after the date on which the MOA has been signed by the Purchaser and Seller and exchanged in original or by email; and
- (2). the balance of the Consideration and other sums payable under the MOA (as stipulated in the paragraph headed “Delivery of the Vessel” below), shall be paid by the Purchaser free of bank charges to a bank account of the Seller on delivery of the Vessel and should be made not later than three Banking Days after the date on which the notice of readiness, which shall not be tendered before 10 January 2023, has been given in by the Seller to the Purchaser accordance with the relevant terms of the MOA.

The Consideration was determined with reference to the prevailing market value of crane vessels of similar type, size, condition of maintenance and age, and was arrived at after arm’s length negotiations between the Purchaser and the Seller.

Delivery of the Vessel

Under the MOA, the Vessel shall be delivered by the Seller to the Purchaser safely afloat at a safe and accessible berth or anchorage at Istanbul, Marmara side. The Seller shall deliver the Vessel to the Purchaser with everything belonging to the Vessel on board and on shore and on order. Major spare parts, if required by the Classification Society, are to be put on board on the date of delivery as well. All spare parts and spare equipment including spare tail-end shaft(s) and/or spare propeller(s)/propeller blade(s) (excluding spares on order), if any, belonging to the Vessel on board at the time of inspection, no matter used or unused, shall become the Purchaser's property upon delivery of the Vessel.

The Purchaser shall also take over remaining bunkers and unused lubricating and hydraulic oils and greases in storage tanks and unopened drums, which quantities are to be confirmed by joint survey of the representatives of the Seller and the Purchaser on board on the date of physical delivery of the Vessel, and the Purchaser shall pay the actual net price (excluding barging expense) for the aforementioned as evidenced by copies of original invoices and delivery notes.

Information about the Parties to the MOA

The Purchaser is a company incorporated in Hong Kong and a wholly-owned subsidiary of the Group. The Group is principally engaged in the mining business.

The Seller is a company incorporated under the laws of the Republic of Panama and is principally engaged in the business of sea carriage and transshipment of cargoes and providing highly-efficient technologies to bulk shipping and transshipment markets for overcoming infrastructure and navigation limitations, facilitating faster loading rates for bulk commodities.

THE CHARTERING ARRANGEMENT AND THE MOU

Date:

4 January 2023

Parties:

Vessel Owner: Ariti HK Limited

Charterer: JSC Masco

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Charterer and its ultimate beneficial owner are third parties independent of the Company and its connected persons. The Charterer is owned by Mr. Alexander Muller.

Asset to be chartered under the MOU

Pursuant to the MOU, Ariti HK has agreed to charter the Vessel named “ATLAS DOUBLE” to the Charterer on terms set out in the MOU and terms and conditions to be further set out in the Bareboat Charter Agreement or any other binding agreements. Further particulars of the Vessel are set out above in the paragraph headed “The Acquisition and The MOA – Assets to be acquired”.

Charter Period

The Charter Period is an initial period of 12 months commencing within seven Banking days from the date of receipt of the Vessel in the ownership of Ariti HK. Such Charter Period may be extended upon the request of either party to the MOU for a maximum of one consecutive term of 12 months after the initial Charter Period.

Charter Hire

The Charter Hire shall be paid by the Charterer (or other company specify by the Charterer) to Ariti HK in the amount of US\$1,835,000 (equivalent to approximately HK\$14,313,000) at the end of each month during the Charter Period, the amount of all Charter Hire payment, i.e. the Charter Value, due during the Charter Period (including the extension, if any) is equal to US\$22,020,000 (equivalent to approximately HK\$171,756,000). All charter hire payment shall be made by way of wire transfer to designated account as directed by Ariti HK from time to time.

The rate of the Charter Hire has been determined after arm’s length negotiation between Ariti HK and the Charterer and is considered to be competitive as compared with the current market rate of charter hire by reference to the type of the Vessel.

Purchase Option and Obligation

On terms and conditions to be further discussed between the parties to the MOU and to be included in the Bareboat Charter Agreement or any other binding agreements, the Charterer shall have the right to purchase the Vessel at any time during the Charter Period.

Unless the Charterer has exercised the aforesaid purchase option, the Charterer shall, at the end of the Charter Period, have the obligation to purchase the Vessel from Ariti HK on “as is, where is” basis on terms and conditions to be further discussed between the parties to the MOU and to be set out in the Bareboat Charter Agreement or any other binding agreements. Nevertheless, the purchase price of the Vessel shall be calculated as the difference between the Charter Value and the amount already paid out by the Charterer as Charter Hire by the time of purchase.

Termination of the MOU

Pursuant to the MOU, while each of Ariti HK and the Charterer has undertaken to further reach an agreement and execute the Bareboat Charter Agreement or any other binding agreement to effectuate the Chartering Arrangement, the MOU may be terminated at any time by mutual consent of Ariti HK and the Charterer.

Further announcement(s) will be made by the Company should there be any substantial changes to the Chartering Arrangement or it does not proceed.

Information about the Parties to the MOU

Ariti HK is a company incorporated in Hong Kong and a wholly-owned subsidiary of the Group. The Group is principally engaged in the mining business.

The Charterer is a company organized and existing under the laws of the Russian Federation, with registered number 1025100844658 and an independent third party to the Company and its connected persons. The principal business of the Charterer is commercial and technical management of highly diversified fleet of multi-purpose tugs and barges that are used to facilitate supply of bulk commodities from producers to consumers.

REASONS AND BENEFITS FOR THE TRANSACTIONS

In light of the complex external operating environment and the market challenges in recent period, the Group has been actively looking for investment opportunities. The Directors consider that the Acquisition poses as a favourable investment option for the Group as crane vessels of similar type, size, condition of maintenance and age have a steady level of market demand.

Moreover, given the Group has managed to secure the MOU with the Charterer, the Chartering Arrangement is revenue generating for the Group, with the revenue being the difference between the Charter Value of the Vessel under the Chartering Arrangement and the Consideration of the Acquisition, being approximately US\$1,520,000 (equivalent to approximately HK\$11,856,000).

While Ariti HK and the Charterer still need to enter into the Bareboat Chartering Agreement or other binding agreement to effectuate the Chartering Arrangement, given the steady market demand of crane vessels similar to the Vessel, the Directors are confident that in the unlikely event of the Chartering Arrangement not proceeding as planned, there will be other potential charterers interested in similar chartering arrangement.

The Directors consider that the terms and conditions of MOA, the MOU and the respective transactions contemplated thereunder are fair and reasonable and that the Transactions are in the interest of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of each of the Acquisition, the Chartering Arrangement and the purchase option granted to the Charterer thereof exceed 5% but less than 25%, the MOA, the MOU and the respective transactions contemplated thereunder constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

Unless the contents otherwise requires, the following expressions have the following meaning in this announcement:

“Acquisition”	the acquisition of the Vessel under the MOA
“Ariti HK” or “Purchaser”	Ariti HK Limited, a company incorporated in Hong Kong, which is a wholly-owned subsidiary of the Company
“Banking Day”	days on which banks are open in the United States of America, Istanbul, Switzerland, the Republic of Panama and Hong Kong
“Bareboat Chartering Agreement”	a bareboat chartering agreement to be entered into by Ariti HK and the Charterer pursuant to the MOU upon completion of the Acquisition
“Board”	the board of Directors
“Charterer”	JAC Masco, a company organized and existing under the laws of the Russian Federation, with registered number 1025100844658 and an independent third party to the Company
“Chartering Arrangement”	the chartering of the Vessel by Ariti HK to the Charterer under the MOU
“Charter Hire”	US\$1,835,000 (equivalent to approximately HK\$14,313,000), being the charter hire payable by the Charterer to Ariti HK each month during the Charter Period pursuant to the MOU
“Charter Period”	12 months commencing within seven Banking Days from the date of receipt of the Vessel in the ownership of Ariti HK
“Charter Value”	US\$22,020,000 (equivalent to approximately HK\$171,756,000), being the total amount of all Charter Hire payments pursuant to the MOU

“Classification Society”	means an independent society which certifies that a vessel has been built and maintained in accordance with the rules of such society and complies with the applicable rules and regulations of the flag state of such vessel and the international conventions of which that country is a member
“Company”	IRC Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Consideration”	US\$20,500,000 (equivalent to approximately HK\$159,900,000), being the amount payable by the Purchaser to the Seller for the Acquisition
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“independent third party”	third party independent of the Company and the connected person(s) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOA”	a memorandum of agreement dated 4 January 2023 entered into between the Purchaser and the Seller in respect of the Acquisition
“MOU”	a legally binding memorandum of understanding dated 4 January 2023 entered into between Ariti HK and the Charterer in respect of the Chartering Arrangement
“Seller”	Kirgan Holding S.A, a company incorporated under the laws of the Republic of Panama and an independent third party to the Company
“Shareholders”	holders of the ordinary share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Transactions”	the Acquisition and the Chartering Arrangement
“US\$”	United States dollars, the lawful currency of the United States of America
“Vessel”	a crane vessel named “ATLAS DOUBLE” with Belize Flag, further particulars of which are set out in the paragraph headed “Assets to be acquired” in this announcement.
“%”	per cent.

Note: For the purpose of this announcement, amount denominated in the US\$ have been translated to HK\$ at an exchange rate of US\$1 to HK\$7.80. Such exchange rate has been used, where applicable, for purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at such rate or any other rates.

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

Hong Kong, People’s Republic of China
Thursday, 5 January 2023

As at the date of this announcement, the executive Director 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.

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