铁货 IRC

IRC Limited 鐵江現貨有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 1029)

K&S – UPDATE ON DISCUSSIONS WITH CNEEC

Monday, 14 March 2016: This announcement is made by IRC Limited (the "**Company**" and, together with its subsidiaries, the "**Group**") pursuant to the inside information provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09(2) of the Listing Rules.

The Company noted in its announcement dated 17 December 2015 and in its Fourth Quarter Trading Updated dated 20 January 2016 that the Company and CNEEC continue discussions and have agreed in principle the way forward with the aim of: (1) ensuring completion; (2) the handover of the operational plant in Q2 2016; together with (3) new deferred payment terms to assist K&S cashflow as it moves into production; (4) IRC will retain the right to claim delay penalties (backed by the bank issued performance bond to ensure payment) if the project is further delayed.

The Company is pleased to announce that on 14 March 2016, after trading hours, the Company and CNEEC entered into a supplemental agreement, the key terms of which are as follows:

(1) the parties have agreed that the completion and handover of the operational plant, except for the Drying Unit, shall not be later than 30 June 2016; The Drying Unit shall be completed and handed over to IRC no later than 31 August 2016;

(2) the Company shall be entitled to claim for liquidated damages and call on the fully funded performance bond if CNEEC delays to completion and handover beyond the aforesaid timelines;

(3) CNEEC has agreed that payments for the outstanding construction costs of approximately US$23 million net of VAT shall be paid by the Group in three equal instalments within 30 days of 31 December 2017, 31 December 2018 and 31 December 2019, respectively; and

(4) CNEEC has agreed to irrevocably waive and unconditionally release the Group from any and all liability in respect of any prior claims CNEEC has against the Group in connection with the EPC contract.

Commenting on the agreement, Yury Makarov, Chief Executive Officer of IRC said, *"After constructive dialogue with CNEEC, we are pleased to reach a confirmed agreement regarding the project timeline and payment terms. As we speak now, our contractors have already geared up to work at full steam to complete the last steps at K&S. With the warmer weather in March, the testing of the Second Stage Crushing and Screening Plant is well underway and its formal hot commissioning is expected to commence in the coming weeks. The handing over of the operational plant by 30 June 2016 ensures that K&S could start commercial production in the second half of 2016 and receive its maiden revenue stream which will be a remarkable milestone of IRC. Although the initial production would be without the Drying Unit, this is not expected to have significant impact due to the warm weather in the second and third quarters. Production guidance for 2016 will be released in due course. The instalment plan mentioned above will also help our cash flow and strengthen our balance sheet in difficult times like now."*

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

Hong Kong, People's Republic of China
Monday, 14 March 2016

As at the date of this announcement, the Executive Directors of the Company are Mr Yury Makarov and Mr Danila Kotlyarov. The Non-Executive Directors are Mr George Jay Hambro, Mr Simon Murray, CBE, Chevalier de la Légion d'Honneur, Mr Cai Sui Xin, Mr Liu Qingchun and Mr Raymond Kar Tung Woo. The Independent Non-Executive Directors are Mr Daniel Bradshaw, Mr Chuang-Fei Li and Mr Jonathan Martin Smith.

IRC Limited
6H, 9 Queen's Road Central Hong Kong
Tel: +852 2772 0007
Fax: +852 2772 0329
Email: ir@ircgroup.com.hk
Website: www.ircgroup.com.hk

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

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