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## **Lygend Resources & Technology Co., Ltd.**

**宁波力勤资源科技股份有限公司**

*(A joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 2245)**

### **SUPPLEMENTAL ANNOUNCEMENT CONNECTED TRANSACTION CAPITAL CONTRIBUTION TO THE JV COMPANY**

#### **INTRODUCTION**

Reference is made to the announcement (the “**Announcement**”) of Lygend Resources & Technology Co., Ltd. (the “**Company**”) dated 15 December 2023 in relation to the entering into of the Shareholders Agreement and the Capital Contribution to the JV Company. Unless the context otherwise requires, capitalized terms in this announcement shall have the same meanings as defined in the Announcement.

Further to the Announcement, the Board would like to provide additional information in relation to the entering into of the Shareholders Agreement and the Capital Contribution:–

#### **(i) Supplemental information about the reasons and benefits for the Capital Contribution to the JV Company**

The JV Company was set up with a view to be involved in the sea freight activities sector business by obtaining a license and/or permit to run a vessels company in Indonesia. This will enable the Company to have the ability to transport raw materials, construction materials and products required for its OBI projects (as defined in the prospectus of the Company dated 21 November 2022 (the “**Prospectus**”)) within the territory of Indonesia. The self-owned vessels of the JV Company may help the Company reduce operating costs, ensure the continuity and flexibility of logistics and transportation, and better meet production and sales needs.

In addition, HJR is an investment holding company and the parent entity of the Group’s Indonesian partner, PT Trimegah Bangun Persada (the “**Indonesian Partner**”). The Company and the Indonesian Partner have collaborated on various projects, such as setting up HPL (as defined in the Prospectus), the HPAL project (as defined in the Prospectus) and the RKEF project (as defined in the Prospectus). The Capital Contribution represents the continued collaboration with affiliated entities of HJR, and supports the Company’s strategy for the development of its nickel product production projects in the Obi Island and the nickel trading business in the domestic market of Indonesia. The Company is of the view that strengthening the relationship with HJR is beneficial for the Group as a whole as the Group

can continue to leverage on the knowledge and experience of HJR and its affiliated entities within the Indonesian nickel ore mining business sector, and can pave the way for further business developments and relationships. As disclosed above, the JV Company is anticipated to enhance the operational efficiency of the projects and could provide shipping capacity to support the Indonesian domestic trading business, generating returns to the Company and the Parties and bringing synergy effect to the Company and its business partner, HJR.

**(ii) Accounting treatment of the JV Company**

As disclosed in the Announcement, HBW will be able to exercise 59% of the voting rights in the JV Company at the completion of the Capital Contribution, pursuant to the Shareholders Agreement and the Power of Attorney between HBW and TKJ. Therefore, upon the completion of the Capital Contribution, the financial results of the JV Company will be consolidated into the consolidated financial statements of the Group.

**(iii) Exchange rate under the Shareholders Agreement**

Pursuant to the Shareholders Agreement, unless otherwise specified, conversions of IDR to Renminbi (“RMB”) are based on the approximate exchange rate of IDR2,160 to RMB1. Therefore, the authorized capital of the JV shall be increased from IDR5,000,000,000 (approximately RMB2,314,814) to IDR270,000,000,000 (approximately RMB125,000,000), of which IDR66,250,000,000 (approximately RMB30,671,296), representing 25% of the increased authorized capital of the JV Company, shall be paid up by the Parties. The remaining IDR202,500,000,000 (approximately RMB93,750,000) will be subscribed by the Parties according to the actual operational activities of the JV Company and the applicable laws in Indonesia.

The shareholding structure of the JV Company immediately before and after the completion of the Capital Contribution is set out as below in IDR and RMB:

JV Shareholders	Immediately before the completion of the Capital Contribution			Immediately after the completion of the Capital Contribution		
	Amount of contribution (IDR)	(RMB)	Shareholding percentage	Amount of contribution (IDR)	(RMB)	Shareholding percentage
LSJ	637,500,000	295,139	51%	20,925,000,000	9,687,500	31%
TKJ	612,500,000	283,565	49%	6,750,000,000	3,125,000	10%
GRM	N/A	N/A	N/A	6,750,000,000	3,125,000	10%
HBW	N/A	N/A	N/A	33,075,000,000	15,312,500	49%
<b>Total</b>	<b><u>1,250,000,000</u></b>	<b><u>578,704</u></b>	<b><u>100%</u></b>	<b><u>67,500,000,000</u></b>	<b><u>31,250,000</u></b>	<b><u>100%</u></b>

All figures above are rounded to the nearest dollar.

All other information as set out in the Announcement remain unchanged and shall continue to be valid for all purposes, while this announcement is supplemental to and should be read in conjunction with the Announcement.

By order of the Board  
**Lygend Resources & Technology Co., Ltd.**  
**CAI Jianyong**  
*Chairman and Executive Director*

The PRC, 22 December 2023

*As at the date of this announcement, the executive Directors are Mr. CAI Jianyong, Mr. JIANG Xinfang, Ms. FEI Feng, Mr. CAI Jianwei and Mr. YU Weijun; the non-executive Director is Mr. Lawrence LUA Gek Pong; the independent non-executive Directors are Dr. HE Wanpeng, Ms. ZHANG Zhengping and Dr. WANG James Jixian.*