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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)

CONNECTED TRANSACTIONS IN RELATION TO A JOINT VENTURE COMPANY

INTRODUCTION

Reference is made to (i) the announcement of the Company dated 28 October 2024 in relation to the entering into the BBS Shareholders Agreement and the confirmation of the initial investment in BBS of approximately USD505,000,000 (the total investment amount is subject to final confirmation after the completion of site investigation and feasibility study); (ii) the general meeting circular of the Company dated 26 December 2024 in relation to, among other matters, the consideration and approval of the BBS Shareholders Agreement and the transactions contemplated thereunder; and (iii) the announcement of the Company dated 13 January 2025 in relation to the approval of the BBS Shareholders Agreement and the transactions contemplated thereunder by the general meeting (collectively, the “**Announcements**”).

On 13 January 2026, BBS and BMS entered into the BJL Shareholders Agreement in relation to the establishment of a joint venture company, BJL. The joint venture company, BJL, was established to meet the needs of the Company's business development and apply for the necessary Indonesian tax incentives.

Pursuant to the BJL Shareholders Agreement, the initial investment amount in BJL is approximately USD505,000,379, and the authorised share capital of BJL is IDR1,329,888,000,000, which the BJL Parties will inject in proportion to their respective shareholding in BJL, being 99.999925% to be held by BBS and 0.000075% to be held by BMS.

Unless otherwise defined in this announcement, capitalised terms used herein shall have the same meaning as those defined in the Announcements.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, BMS is a wholly-owned subsidiary of the Company. BBS is a non-wholly owned subsidiary of the Company, held directly and indirectly by the Company and TBP as to 57.49776% and 42.50224%, respectively. TBP is owned as to 84.69% by HJR, and HJR is ultimately controlled by the family members of Ms. Lim. Ms. Lim is the de facto controller of Feng Yi Pte. Ltd., a 16% shareholder of the Company. As such, Ms. Lim is indirectly interested in 16% of the shares of the Company and is a substantial Shareholder and connected person of the Company pursuant to Rule 14A.07(1) of the Listing Rules. Ms. Lim's family members are deemed connected persons of the Company pursuant to Rule 14A.21 of the Listing Rules. Accordingly, HJR is an associate of Ms. Lim and is a connected person of the Company pursuant to Rule 14A.07(4) of the Listing Rules, and TBP, being a subsidiary of HJR, is a connected person of the Company. Therefore, BBS is a connected subsidiary of the Company pursuant to Rule 14A.16(1) of the Listing Rules as Ms. Lim's family members are collectively entitled to control the exercise of 10% or more of the votes attaching to the shares of BBS. Accordingly, the transactions contemplated under the BJL Shareholders Agreement constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

DIRECTORS' CONFIRMATION

Given that (i) the BBS Shareholders Agreement and the transactions contemplated thereunder have been approved by the extraordinary general meeting held on 13 January 2025 (the "EGM"), granting any Director to take all such actions as he/she may consider necessary or desirable for the purpose of giving effect to the BBS Shareholders Agreement and completing the transactions contemplated thereunder; (ii) the establishment of BJL is a necessary and desirable move to meet the needs of the Company's business development and obtain eligibility for Indonesian tax incentives, which is expected to reduce the tax burden of the project, and is in the interests of the Company and its Shareholders as a whole; and (iii) the BJL Shareholders Agreement maintains a high degree of consistency and continuity with the BBS Shareholders Agreement approved by the EGM in terms of the principal terms in respect of the ultimate capital contribution proportion, corporate governance structure, management appointments, key decision-making mechanisms, future funding arrangements, share transfer provisions and core commercial arrangements with no material changes arising, the Board is of the view that the establishment of BJL to apply for eligible Indonesian tax incentives is a step in further optimising the future tax burden of the hydrometallurgical slag treatment business which represents an optimisation and refinement of the specific implementation arrangements of the project, and does not constitute a material change to the core matters, investment substance or overall structure of the matters previously considered and approved by the EGM.

INTRODUCTION

Reference is made to (i) the announcement of the Company dated 28 October 2024 in relation to the entering into of the BBS Shareholders Agreement and the confirmation of the initial investment in BBS of approximately USD505,000,000 (the total investment amount is subject to final confirmation after the completion of site investigation and feasibility study); (ii) the general meeting circular of the Company dated 26 December 2024 in relation to, among other matters, the consideration and approval of the BBS Shareholders Agreement and the transactions contemplated thereunder; and (iii) the announcement of the Company dated 13 January 2025 in relation to the approval of the BBS Shareholders Agreement and the transactions contemplated thereunder by the general meeting (collectively, the "Announcements").

On 13 January 2026, BBS and BMS entered into the BJJ Shareholders Agreement in relation to the establishment of a joint venture company, BJJ. The joint venture company, BJJ, was established to meet the needs of the Company's business development and apply for the necessary Indonesian tax incentives.

Pursuant to the BJJ Shareholders Agreement, the initial investment amount in BJJ is approximately USD505,000,379, and the authorised share capital of BJJ is IDR1,329,888,000,000, which the BJJ Parties will inject in proportion to their respective shareholding in BJJ, being 99.999925% to be held by BBS and 0.000075% to be held by BMS.

Unless otherwise defined in this announcement, capitalised terms used herein shall have the same meaning as those defined in the Announcements.

PRINCIPAL TERMS OF THE BJJ SHAREHOLDERS AGREEMENT

The principal terms of the BJJ Shareholders Agreement are set out below:

Date

13 January 2026

Parties

- (i) BBS; and
- (ii) BMS (each a "BJJ Party", and collectively "BJJ Parties")

Shareholding Structure

Pursuant to the BJJ Shareholders Agreement, the BJJ Parties agreed that the authorized capital of BJJ shall be IDR1,329,888,000,000 (equivalent to USD80,000,000), which shall be subscribed by the BJJ Parties in proportion to their respective shareholding according to the actual operational activities of the JV Company and the applicable laws in Indonesia.

Pursuant to the BJJ Shareholders Agreement, the initial investment amount is approximately USD505,000,379.

The shareholding structure of BJJ upon establishment in IDR, USD and RMB is as follows:

BJJ Shareholders	Amount of contribution (IDR)	Amount of contribution (USD)	Amount of contribution (RMB)	Shareholding percentage
BBS	8,394,918,000,000	505,000,000	3,585,449,500	99.999925%
BMS	6,300,344	379	2,691	0.000075%
Total	8,394,924,300,344	505,000,379	3,585,452,191	100%

The shareholding structure under the BBS Shareholders Agreement in IDR, USD and RMB is as follows:

BBS Shareholders	Amount of contribution (IDR)	Amount of contribution (USD)	Amount of contribution (RMB)	Shareholding percentage
Baoxin Special Steel	457,845,090,912	29,088,000	206,521,891	5.76%
HPL	7,490,854,404,088	475,912,000	3,378,927,609	94.24%
Total	7,948,699,495,000	505,000,000	3,585,449,500	100%

As BBS will be able to exercise 99.999925% of the voting rights in BJJ, BJJ is a subsidiary of the Group and the financial results of BJJ will continue to be consolidated into the consolidated statements of the Group.

The total amount of capital increase or investment/capital contribution was determined by the BJJ Parties after arm's length negotiation with reference to, among other things, the funding requirements of BJJ and the BJJ Parties' respective interests in BJJ. The capital contributions by BBS and BMS are expected to be funded by the internal resources of the Group.

Future Funding

If BJJ needs additional capital to maintain or expand its business, the BJJ Parties agree that BJJ shall raise future funding based on the following order of priority:

- (a) first, from BJJ' borrowings from financial institutions, in which case the BJJ Shareholders agree to provide any required corporate guarantee in line with the requirements from the financial institutions to secure BJJ' borrowings;
- (b) next, from BJJ' borrowings from the BJJ Shareholders pro rata to their respective shareholding proportion in BJJ; or
- (c) lastly, from additional equity injection from BJJ Shareholders, in which case BJJ shall issue new shares of BJJ and the BJJ Parties must subscribe such new shares pro rata to their respective shareholding proportion in BJJ.
- (d) If a BJJ Shareholder is unable or unwilling to contribute in any future funding ("BJJ Non-Participant"), the other BJJ Shareholder ("BJJ Participant") shall have the pro rata right, but is not obligated, to make additional contribution funding in the amount of the BJJ Non-Participant's portion. If the BJJ Non-Participant agrees BJJ Participant to make such additional contribution funding, the BJJ Non-Participant (together with the BJJ Participant) shall procure BJJ to issue such number of new shares that is equivalent to the additional contribution funding amount, to be subscribed by the BJJ Participant, as well as to conduct all actions as required by the laws of Indonesia, including but not limited to recording the issuance of new shares in BJJ' shareholders' register and Online Single Submission (OSS) System in Indonesia.

BJL Board of Directors

The BJL Board of Directors shall consist of one member, who shall be the President Director nominated by BBS.

If there shall exist a vacancy on the BJL Board of Directors, then the BJL Parties shall procure that a BJL General Meeting be held within 30 days after the vacancy arises to fill such vacancy. Subject to the requirement on composition of the BJL Board of Directors as mentioned above, each BJL Party entitled to vote shall attend the relevant BJL General Meeting and vote to ensure that such vacancy is filled.

BJL Board of Commissioners

The BJL Board of Commissioners shall consist of one member, who shall be the commissioner nominated by BBS.

If there shall exist a vacancy on the BJL Board of Commissioners, then the BJL Parties shall procure that a BJL General Meeting be held within 30 days after the vacancy arises to fill such vacancy. Subject to the requirement on composition of the BJL Board of Commissioners as mentioned above, each BJL Party entitled to vote shall attend the relevant BJL General Meeting and vote to ensure that such vacancy is filled.

BJL Commissioners' Reserved Matters

The following actions are subject to approval by the BJL Board of Commissioners:

- (i) creating any Encumbrance over any of the BJL' assets or properties;
- (ii) establishing any company or participating in any other company inside or outside the Republic of Indonesia;
- (iii) issuing or conducting any action to create new Debt on behalf of BJL, including but not limited to obtaining new Debt facility from any party, conducting a Debt restructuring, and/or issuing a Debt instrument in any kind or form;
- (iv) entering into any agreement not on *bona fide* arm's length terms or any related party transactions with BJL, including transactions between BJL and any of the following entities:
(1) shareholders; (2) directors or commissioners of BJL; and/or (3) their Affiliates;
- (v) initiating or settling any litigation, arbitration or similar proceedings; and/or
- (vi) granting or varying (1) any share option or right to subscribe, acquire or convert into shares; and (2) issuance of management or employees stock ownership plan.

BJL Shareholders' Reserved Matters

Pursuant to the prevailing laws of Indonesia, the following actions are subject to approval by the shareholders of BJL:

- (i) increasing or reducing the share capital of BJL or issuing or allotting or repurchasing, reducing, redeeming, converting, cancelling or otherwise reorganising any share or other securities, including in relation to future funding as mentioned above;
- (ii) merger, acquisition or consolidation by BJL;
- (iii) any change in the number and/or composition of directors and commissioners of BJL and appointment and/or removal of the member of BJL Board of Directors and/or BJL Board of Commissioners;
- (iv) selling, transferring, authorising or granting warranty over immovable assets owned by BJL in any given financial year equal to or less than 50% (fifty percent) of the assets of BJL; (a reserved matter for the commissioner in the BBS Shareholders Agreement)
- (v) making any material change in the nature or scope of business of BJL, including introducing or discontinuing any field of activity or ceasing to conduct its business;
- (vi) proposing or resolving to dissolve and liquidate BJL or filing petition for the dissolution and liquidation of BJL or making any arrangement between BJL and its creditors generally or any application for voluntary bankruptcy or suspension of payment in respect of BJL;
- (vii) initial public offering and registration of BJL at any stock exchange;
- (viii) approving or revising BJL's annual budget and business plan, including capital expenditure; and/or
- (ix) appointing any auditor and approving the audited financial statements and annual report of BJL, its financial year or principal accounting policies employed.

Transfer of BJL Shares

If a BJL Shareholder ("**Selling BJL Shareholder**") intends to sell any/all its shares ("**Offered BJL Shares**") to a third party ("**Prospective BJL Transferee**"), the Selling BJL Shareholder shall be obligated to first offer such shares on pro rata basis to the other BJL Shareholder ("**Remaining BJL Shareholder**") by delivering a written notice to the Remaining BJL Shareholder ("**BJL Offer Notice**"). The Remaining BJL Shareholder shall have the obligation to respond to such offer within 90 (ninety) days from the delivery of the transfer notice by the Selling BJL Shareholder. If the Remaining BJL Shareholder fails to respond to the notice delivered by the Selling BJL Shareholder or decides not to purchase the Offered BJL Shares, the Selling BJL Shareholder may offer the Offered BJL Shares to the Prospective BJL Transferee on the same or no more favourable terms and conditions as stated in the BJL Offer Notice.

The Prospective BJL Transferee must enter into a deed of adherence, agreeing to be bound by the provisions of the BJL Shareholders Agreement. If the Prospective BJL Transferee fails to enter into a deed of adherence in the form required by this Agreement, the transfer of the shares shall be considered null and void.

REASONS FOR AND BENEFITS OF THE BJL SHAREHOLDERS AGREEMENT

The BJL Parties intend to establish BJL to meet the needs of the Company's business development and obtain eligibility for Indonesian tax incentives, which is expected to reduce the future tax burden of the hydrometallurgical slag treatment business and represents an optimisation of the specific implementation arrangements of the project. The hydrometallurgical slag treatment plant is a HPAL smelting slag treatment plant with an annual treatment volume of 1,340,000 metric tons of HPAL smelting slags together with a slag warehouse and other ancillary facilities. The project will enable the Group to, in line with the principle of environmental protection, reduce wastage and effectively utilise resources. Further, given that the budget for infrastructure in Indonesia is constantly increasing and demand for HPAL smelting slag treatment is expected to correspondingly increase, the hydrometallurgical slag treatment business will create new sources of income and enhance the Group's profitability.

The Board including the independent non-executive Directors is of the view that the terms of the BJL Shareholders Agreement and the transactions contemplated thereunder are on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, BMS is a wholly-owned subsidiary of the Company. BBS is a non-wholly owned subsidiary of the Company, held directly and indirectly by the Company and TBP as to 57.49776% and 42.50224%, respectively. TBP is owned as to 84.69% by HJR, and HJR is ultimately controlled by the family members of Ms. Lim. Ms. Lim is the de facto controller of Feng Yi Pte. Ltd., a 16% shareholder of the Company. As such, Ms. Lim is indirectly interested in 16% of the shares of the Company and is a substantial Shareholder and connected person of the Company pursuant to Rule 14A.07(1) of the Listing Rules. Ms. Lim's family members are deemed connected persons of the Company pursuant to Rule 14A.21 of the Listing Rules. Accordingly, HJR is an associate of Ms. Lim and is a connected person of the Company pursuant to Rule 14A.07(4) of the Listing Rules, and TBP, being a subsidiary of HJR, is a connected person of the Company. Therefore, BBS is a connected subsidiary of the Company pursuant to Rule 14A.16(1) of the Listing Rules as Ms. Lim's family members are collectively entitled to control the exercise of 10% or more of the votes attaching to the shares of BBS. Accordingly, the transactions contemplated under the BJL Shareholders Agreement constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

DIRECTORS' CONFIRMATION

None of the Directors has any material interest in the transactions contemplated under the BJL Shareholders Agreement and hence no Director was required to abstain from voting on the relevant Board resolutions.

Given that (i) the BBS Shareholders Agreement and the transactions contemplated thereunder have been approved by the extraordinary general meeting held on 13 January 2025 (the “EGM”), granting any Director to take all such actions as he/she may consider necessary or desirable for the purpose of giving effect to the BBS Shareholders Agreement and completing the transactions contemplated thereunder; (ii) the establishment of BJL is a necessary and desirable move to meet the needs of the Company’s business development and obtain eligibility for Indonesian tax incentives, which is expected to reduce the tax burden of the project, and is in the interests of the Company and its Shareholders as a whole; and (iii) the BJL Shareholders Agreement maintains a high degree of consistency and continuity with the BBS Shareholders Agreement approved by the EGM in terms of the principal terms in respect of the ultimate capital contribution proportion, corporate governance structure, management appointments, key decision-making mechanisms, future funding arrangements, share transfer provisions and core commercial arrangements with no material changes arising, the Board is of the view that the establishment of BJL to apply for eligible Indonesian tax incentives is a step in further optimising the future tax burden of the hydrometallurgical slag treatment business which represents an optimisation and refinement of the specific implementation arrangements of the project, and does not constitute a material change to the core matters, investment substance or overall structure of the matters previously considered and approved by the EGM.

INFORMATION ON THE GROUP

The Group is principally engaged in business across the entire nickel industry value chain.

INFORMATION ON THE PARTIES INVOLVED

BBS is a company incorporated under the laws of Indonesia and is principally engaged in hydrometallurgical slag smelting business (which has not yet commenced operations as at the date of this announcement). As at the date of this announcement, BBS is indirectly held as to 57.49776% and 42.50224% by the Company and TBP, respectively.

BMS is a company incorporated under the laws of Indonesia and is principally engaged in the trading of nickel products and other materials. As at the date of this announcement, BMS is a wholly-owned subsidiary of the Company.

EXCHANGE RATES

Pursuant to the BJL Shareholders Agreement and BBS Shareholders Agreement, unless otherwise specified, conversions of IDR to USD are based on the approximate exchange rate of USD1 to IDR16,623.6000 and USD1 to IDR15,739.9990 respectively.

For the purpose of this announcement, the translation of USD to RMB is based on the exchange rate of USD1 to RMB7.0999. The conversions are for illustration purpose only and should not be taken as a representation that any amounts in USD and RMB can be or could have been converted on the relevant dates at the above rates or at any other rates at all.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“BBS”	PT Bhakti Bumi Sentosa, a limited liability company established under the laws of Indonesia
“BBS Shareholders Agreement”	the shareholders’ agreement entered into between Baoxin Special Steel and HPL on 28 October 2024 in relation to, among others, the establishment of BBS
“Board”	the board of Directors
“BJL”	PT Baja Jaya Lestari (or such other name as may be agreed by the BJL Parties under the BJL Shareholders Agreement), a limited liability company established under the laws of Indonesia
“BJL Board of Commissioners”	the board of commissioners of BJL
“BJL Board of Directors”	the board of directors of BJL
“BJL General Meeting(s)”	the general meeting(s) of BJL
“BJL Share(s)”	share(s) of BJL
“BJL Shareholder(s)”	holder(s) of the share(s) of BJL from time to time
“BJL Shareholders Agreement”	the shareholders’ agreement entered into between BBS and BMS on 13 January 2026 in relation to, among others, the establishment of BJL
“BMS”	PT Bumi Mineral Sentosa, a limited liability company established under the laws of Indonesia
“Company”	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 PRC with limited liability, the H Shares of which are listed on the Stock Exchange (Stock Code: 2245)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules

“Debt”	any loans, borrowings, or indebtedness (together with any accrued interest)
“Director(s)”	the director(s) of the Company
“Encumbrance”	any interest or equity of any person (including without prejudice to the generality of the foregoing, any right to acquire an option or right of pre-emption) or any mortgage, charge, pledge, lien or assignment or any other encumbrance, priority or security interest or arrangement of whatsoever nature over or in the relevant property
“Group”	the Company and its subsidiaries
“H Share(s)”	the overseas listed foreign share(s) in the share capital of the Company with nominal value of RMB1.00 each, which are traded in Hong Kong dollars and listed on the Stock Exchange
“HJR”	PT Harita Jayaraya, a limited liability company established under the laws of Indonesia and ultimately controlled by family members of Ms. Lim
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HPL”	PT Halmahera Persada Lygend, a limited liability company established under the laws of Indonesia and directly and indirectly held as to 54.9% by the Company and a connected subsidiary of the Company, and as to 45.1% by TBP
“IDR”	Indonesian rupiah, the lawful currency of Indonesia
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Ms. Lim”	Ms. Lim Shu Hua, Cheryl, the de facto controller of Feng Yi Pte. Ltd., a 16% Shareholder of the Company
“percentage ratio”	has the meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China
“President Commissioner”	has the meaning ascribed to it under the articles of association of BJL
“President Director”	has the meaning ascribed to it under the articles of association of BJL
“RMB”	Renminbi, the lawful currency of the PRC

“Shareholder(s)”	holder(s) of the share(s) of the Company from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“US\$” or “USD”	United States Dollar, the lawful currency of the United States
“%”	per cent

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

The PRC, 13 January 2026

As at the date of this announcement, the executive Directors are Mr. CAI Jianyong, Ms. FEI Feng, Mr. CAI Jianwei and Mr. WANG Ling; 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; the employee representative Director is Mr. YU Weijun.