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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)**

**(1) REVISION OF ANNUAL CAP FOR AND RENEWAL OF CONTINUING  
CONNECTED TRANSACTIONS;  
AND  
(2) MAJOR AND CONNECTED TRANSACTIONS IN RELATION  
TO THE JV COMPANIES**

**Independent Financial Adviser to the Independent Board Committee and the Independent  
Shareholders**



**CONTINUING CONNECTED TRANSACTIONS**

**(i) Mutual Supply Framework Agreement**

Reference is made to the Prospectus in relation to the Existing Mutual Supply Framework Agreement entered into between the Company and HG on 31 May 2022 pursuant to which the HG Group and/or associates of HG (including certain Indonesian Entities) shall supply nickel ore, nickel products and coal to the Group and provide equipment rental and certain administrative services to the Group; and the Group (excluding the Indonesian Entities) shall supply production equipment and supplies, repair materials and raw and auxiliary materials to the HG Group and/or associates of HG (including certain Indonesian Entities).

As the existing annual cap under the Existing Mutual Supply Framework Agreement in respect of the supply of production equipment and supplies, repair materials and raw and auxiliary materials by the Group for the year ending 31 December 2024 will be insufficient to meet business needs and will expire on 31 December 2024, the Board proposes to revise the annual cap and the Company has entered into the 2025 Mutual Supply Framework Agreement to renew the Existing Mutual Supply Framework Agreement.

**(a) Revision of Annual Cap**

Based on the information currently available to the Board, the Board anticipates that the existing annual cap for the supply of production equipment and supplies, repair materials and raw and auxiliary materials by the Group for the year ending 31 December 2024 under the Existing Mutual Supply Framework Agreement will be insufficient to meet future business needs of the Indonesian Entities for the purpose of the Obi projects. Accordingly, the Board proposes to revise the annual cap for the year ending 31 December 2024 from USD350.1 million to USD680.7 million.

**(b) 2025 Mutual Supply Framework Agreement**

As the Existing Mutual Supply Framework Agreement will expire on 31 December 2024, on 28 October 2024, the Company entered into the 2025 Mutual Supply Framework Agreement with HG pursuant to which the HG Group and/or associates of HG (including certain Indonesian Entities) will supply nickel ore, nickel products and coal to the Group and provide equipment rental and certain administrative services to the Group; and the Group (excluding the Indonesian Entities) will supply production equipment and supplies, repair materials and raw and auxiliary materials to the HG Group and/or associates of HG (including certain Indonesian Entities).

As at the date of this announcement, HG is controlled by the family members of Ms. Lim. Ms. Lim is the de facto controller of Feng Yi Pte. Ltd., a 17% Shareholder of the Company. As such, Ms. Lim is indirectly interested in 17% 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, HG is an associate of Ms. Lim and is a connected person of the Company pursuant to Rule 14A.07(4) of the Listing Rules. Therefore, the transactions contemplated under the Existing Mutual Supply Framework Agreement and the 2025 Mutual Supply Framework Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios with respect to the revised annual cap for the supply of production equipment and supplies, repair materials and raw and auxiliary materials by the Group for the financial year ending 31 December 2024 under the Existing Mutual Supply Framework Agreement exceed 5%, such transaction is subject to reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios with respect to the 2025 Mutual Supply Framework Agreement and the transactions contemplated thereunder exceed 5%, such transaction is subject to reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

**(ii) GSP Stevedoring Framework Agreement**

Reference is made to the Prospectus in relation to the Existing GSP Stevedoring Framework Agreement entered into between the Company and GSP pursuant to which the GSP Group shall provide stevedoring services to the Group.

As the Existing GSP Stevedoring Framework Agreement will expire on 31 December 2024, on 28 October 2024, the Company entered into the 2025 GSP Stevedoring Framework Agreement with GSP pursuant to which GSP shall provide stevedoring services to the Company.

As at the date of this announcement, GSP is controlled 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 17% Shareholder of the Company. As such, Ms. Lim is indirectly interested in 17% 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, GSP is an associate of Ms. Lim and is a connected person of the Company pursuant to Rule 14A.07(4) of the Listing Rules. Therefore, the transactions contemplated under the 2025 GSP Stevedoring Framework Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios calculated with reference to the annual caps for the transactions contemplated under the 2025 GSP Stevedoring Framework Agreement is more than 0.1% but less than 5%, such transactions are subject to the reporting, annual review and announcement requirements but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **MAJOR AND CONNECTED TRANSACTIONS**

### **(i) Capital Contribution to DCM**

Reference is made to the Prospectus in relation to, among others, the shareholders agreement entered into by Ningbo Lygend IPM and TBP in respect of DCM ("**Old DCM Shareholders Agreement**").

On 28 October 2024, Ningbo Lygend IPM and TBP, both being existing shareholders of DCM, entered into the DCM Shareholders Agreement to replace the Old DCM Shareholders Agreement. Pursuant to the DCM Shareholders Agreement, the DCM Parties agreed to increase the capital commitment by a total of USD51,620,000, which will be injected into DCM by Ningbo Lygend IPM and TBP in proportion to their respective shareholding in DCM, being 60% to be held by Ningbo Lygend IPM and 40% to be held by TBP. Accordingly, upon completion of the capital contribution, the shareholding ratios of Ningbo Lygend IPM and TBP in DCM shall remain unchanged.

As at the date of this announcement, Ningbo Lygend IPM is a wholly-owned subsidiary of the Company. TBP is owned as to 86.45% by HJR, and HJR is ultimately controlled by family members of Ms. Lim. Ms. Lim is the de facto controller of Feng Yi Pte. Ltd., a 17% Shareholder of the Company. As such, Ms. Lim is indirectly interested in 17% 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. Accordingly, the transactions contemplated under the DCM Shareholders Agreement constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

**(ii) Capital Injection to ONC**

Reference is made to the Prospectus in relation to, among others, the ONC Shareholders Agreement entered into by Lygend New Power, TBP and Li Yuen. Please refer to the Prospectus for details on the board of directors and senior management of ONC and the ONC Shareholders Agreement.

On 28 October 2024, Lygend New Power, TBP and Li Yuen, all existing shareholders of ONC, entered into the ONC Amendment Agreement to vary the ONC Shareholders Agreement and increase the capital commitment by a total of USD466,000,000, which will be injected into ONC by Lygend New Power, TBP and Li Yuen in proportion to their respective shareholding in ONC, being 60% to be held by Lygend New Power, 10% to be held by TBP and 30% to be held by Li Yuen.

As at the date of this announcement, Lygend New Power is a wholly-owned subsidiary of the Company. TBP is owned as to 86.45% by HJR, and HJR is ultimately controlled by family members of Ms. Lim. Li Yuen is indirectly and solely held by Ms. Lim. Ms. Lim is the de facto controller of Feng Yi Pte. Ltd., a 17% Shareholder of the Company. As such, Ms. Lim is indirectly interested in 17% 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, each of HJR and Li Yuen 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. Accordingly, the transactions contemplated under the ONC Amendment Agreement constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

**(iii) Establishment of BBS**

On 28 October 2024, Baoxin Special Steel and HPL entered into the BBS Shareholders Agreement in relation to, among others, the establishment of a joint venture company, BBS.

Pursuant to the BBS Shareholders Agreement, the initial investment amount of BBS is USD505,000,000 and the authorized capital of BBS is IDR89,244,000,000, which the BBS Parties will inject in proportion to their respective shareholding in BBS, being 5.76% to be held by Baoxin Special Steel and 94.24% to be held by HPL.

As at the date of this announcement, Baoxin Special Steel is a wholly-owned subsidiary of the Company. HPL is a non-wholly owned subsidiary of the Company, directly and indirectly owned as to 54.9% by the Company and 45.1% by TBP. TBP is owned as to 86.45% by HJR, and HJR is ultimately controlled by family members of Ms. Lim. Ms. Lim is the de facto controller of Feng Yi Pte. Ltd., a 17% Shareholder of the Company. As such, Ms. Lim is indirectly interested in 17% 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, HPL 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 HPL. Accordingly, the transactions contemplated under the BBS Shareholders Agreement constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

**(iv) Aggregation and Implications of the JV Agreements under the Listing Rules**

Reference is made to the announcement of the Company dated 17 June 2024 in relation to the CKM Shareholders Agreement and the announcements of the Company dated 15 December 2023, 22 December 2023, 30 May 2024, 5 June 2024 and 2 October 2024 in relation to the MJM Shareholders Agreement and further capital contribution to MJM. Pursuant to the CKM Shareholders Agreement and MJM Shareholders Agreement and further capital contribution, the Group has established and/or increased its capital commitment to joint ventures owned by the Group and associates of Ms. Lim, who is a connected person of the Company.

As the transactions contemplated under the MJM Shareholders Agreement and further capital contribution, CKM Shareholders Agreement, DCM Shareholders Agreement, ONC Amendment Agreement and BBS Shareholders Agreement were entered into with parties who are connected with one another and were entered into within a 12-month period, they are aggregated and treated as if they were one transaction pursuant to Rule 14.22 and Rule 14A.81 of the Listing Rules. As the highest applicable percentage ratios with respect to the transactions contemplated under the JV Agreements exceeds 25% but is less than 100%, such transactions constitute major and connected transactions of the Company and are subject to reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14 and 14A of the Listing Rules.

**INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee, comprising all the independent non-executive Directors, has been formed in accordance with Chapter 14A of the Listing Rules to advise the Independent Shareholders in respect of the Connected Agreements and the transactions contemplated thereunder.

In this connection, the Company has appointed Grand Moore to advise the Independent Board Committee and the Independent Shareholders in respect of the Connected Agreements and the transactions contemplated thereunder.



## **EGM**

The Independent Shareholders will consider and, if thought fit, approve, confirm and ratify the Connected Agreements and the transactions contemplated thereunder at the EGM.

A circular containing, among other things, (i) further details of the Connected Agreements and the transactions contemplated thereunder; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from Grand Moore to the Independent Board Committee and the Independent Shareholders; (iv) other information as required under the Listing Rules; and (v) a notice convening the EGM, is expected to be despatched to the Shareholders on or around 22 November 2024.

## **A. CONTINUING CONNECTED TRANSACTIONS**

### **1. Mutual Supply Framework Agreement**

Reference is made to the Prospectus in relation to the Existing Mutual Supply Framework Agreement entered into between the Company and HG on 31 May 2022 pursuant to which: (1) (a) the HG Group shall supply the Group with nickel ore; (b) the HG Group and/or associates of HG (including certain Indonesian Entities) shall supply the Group (excluding the Indonesian Entities) with nickel products; (c) the HG Group shall supply coal to the Group; (d) the HG Group and/or associates of HG shall lease site construction equipment and machinery used in the construction of the Group's production facilities on the Obi Island; (e) the HG Group and/or associates of HG shall provide the Group with administrative services ancillary to the day-to-day administration and operation of the Group in connection with the Obi projects; and (2) the Group (excluding the Indonesian Entities) shall supply production equipment and supplies used for the production of nickel products, repair materials and raw and auxiliary materials required for nickel product production operations to the HG Group and/or associates of HG and/or the Indonesian Entities.

As the Board envisaged that the existing annual cap for the year ending 31 December 2024 under the Existing Mutual Supply Framework Agreement in respect of the supply of production equipment and supplies, repair materials and raw and auxiliary materials by the Group will be insufficient, and as the Existing Mutual Supply Framework Agreement will expire on 31 December 2024, to meet the business needs of the Group, (1) the Board proposes to revise the annual cap under the Existing Mutual Supply Framework Agreement for the year ending 31 December 2024 in respect of the supply of production equipment and supplies, repair materials and raw and auxiliary materials by the Group; and (2) the Company has entered into the 2025 Mutual Supply Framework Agreement to renew the Existing Mutual Supply Framework Agreement upon its expiry.

#### **(a) Revision of Annual Cap**

Based on the information currently available to the Board, the Board anticipates that the existing annual cap for the supply of production equipment and supplies, repair materials and raw and auxiliary materials by the Group for the year ending 31 December 2024 will be insufficient to meet future business needs of the Indonesian Entities for the purpose of the Obi projects. The Company entered into a Supplementary Mutual Supply Framework Agreement with HG on 28 October 2024 in respect of the supply of production equipment and supplies, repair materials and raw and auxiliary materials. Accordingly, the Company proposes to revise the annual cap under the Existing Mutual Supply Framework Agreement for the year ending 31 December 2024.

### ***Historical Transaction Value***

The transaction values under the Existing Mutual Supply Framework Agreement for the years ended 31 December 2022 and 2023 (audited) and the nine months ended 30 September 2024 (unaudited) in respect of the supply of production equipment and supplies, repair materials and raw and auxiliary materials by the Group are as follows:

Nature of transaction	Year ended 31 December 2022	Year ended 31 December 2023	Nine months ended 30 September 2024
	(US\$ million)	(US\$ million)	(US\$ million)
Supply of production equipment and supplies, repair materials and raw and auxiliary materials by the Group <sup>(1)</sup>	297.4	430	348

*Note:*

- (1) Includes intra-group transactions involving the supply of nickel products by the Indonesian Entities, which are connected subsidiaries of the Company and project companies of the Obi projects, to other members of the Group, as well as the purchase of production equipment and supplies, repair materials and raw and auxiliary materials by the Indonesian Entities from the Group.

### ***Proposed Revised Annual Cap for the Year Ending 31 December 2024***

The existing and revised annual caps under the Existing Mutual Supply Framework Agreement in relation to the supply of production equipment and supplies, repair materials and raw and auxiliary materials by the Group are as follows:

	Year ending 31 December 2024 (US\$ million)
Existing annual cap	350.1
Revised annual cap	680.7

As at the date of this announcement, the existing annual cap for the financial year ending 31 December 2024 has not been exceeded.

Save for the proposed revision of annual cap in respect of the supply of production equipment and supplies, repair materials and raw and auxiliary materials by the Group for the year ending 31 December 2024, all other terms of the Existing Mutual Supply Framework Agreement remain unchanged. Details of the principal terms and pricing policy of the Existing Mutual Supply Framework Agreement are set out in the Prospectus.

### ***Basis for the Revised Annual Cap***

In determining the revised annual cap, the Board took into account the following matters: (i) the historical transaction amount for the supply of production equipment and supplies, repair materials and raw and auxiliary materials by the Group in the financial years ended 31 December 2022 and 2023 and the nine months ended 30 September 2024, respectively; (ii) the expected utilization rate of the existing annual cap for the aforementioned type of transaction for the financial year ending 31 December 2024; (iii) the anticipated continuous increase in demand from HG Group for the supply of goods from the Group as detailed below in “Reasons for and Benefits of Revising the Annual Cap”; and (iv) the Group’s overall business development strategy and business plan for continuous growth.

### ***Reasons for and Benefits of Revising the Annual Cap***

Reference is made to the Prospectus in relation to the reasons for and benefits of entering into the Existing Mutual Supply Framework Agreement. As disclosed in the Prospectus, one of the many reasons for entering into the Existing Mutual Supply Framework Agreement is that given the Group’s involvement in the Obi projects with TBP, the Indonesian Partner, it is (a) mutually beneficial for the Group to sell a stable and sizable amount of production equipment and supplies, repair materials and raw and auxiliary materials, including critical components for certain production equipment used in the HPAL project and the RKEF project on the Obi Island, to satisfy the production needs of the Indonesian Entities and of other associates of HG; and (b) more convenient for the HG Group and/or associates of HG to provide related administrative services to the Group.

For the year ended 31 December 2023, the annual cap in respect of the supply of production equipment and supplies, repair materials and raw and auxiliary materials by the Group was USD2,377.1 million and the historical transaction amount was USD430 million, representing approximately 18% of the annual cap. The annual cap for the year ended 31 December 2023 was not reached due to the additional time required for the construction of the Obi projects that resulted in HG Group’s demand for the supply of goods from the Group to be lower than initially expected. Based on the unaudited transaction values for the nine months ended 30 September 2024 as disclosed above, the utilization rate of the existing annual cap for the year ending 31 December 2024 has already reached 99.4%. Due to backlog of construction of the Obi projects for the year ending 31 December 2024 and given that the construction of the Obi projects is and will continue to progress, and considering that demand from HG Group corresponds to the status of the construction of the Obi projects, the Board envisages that HG Group’s demand will increase for the financial year ending 31 December 2024 and as such, the Board proposes to revise the annual cap to reap the benefits of entering into the Existing Mutual Supply Framework Agreement and to satisfy the increasing demand of HG Group and/or associates of HG and/or the Indonesian Entities.

Based on the above, the Board (excluding the independent non-executive Directors whose views will be set out in the letter from the Independent Board Committee to be included in the circular to be despatched to the Shareholders) is of the view that the revised annual cap for the supply of production equipment and supplies, repair materials and raw and auxiliary materials by the Group pursuant to the Existing Mutual Framework Agreement for the year ending 31 December 2024 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, HG is controlled by the family members of Ms. Lim. Ms. Lim is the de facto controller of Feng Yi Pte. Ltd., a 17% Shareholder of the Company. As such, Ms. Lim is indirectly interested in 17% 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, HG 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 the transactions contemplated under the Existing Mutual Supply Framework Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

According to Rule 14A.54 of the Listing Rules, if the Company proposes to revise the annual caps for continuing connected transactions, the Company will be required to re-comply with the provisions of Chapter 14A of the Listing Rules in relation to the relevant connected transactions.

As one or more of the applicable percentage ratios with respect to the revised annual cap for the supply of production equipment and supplies, repair materials and raw and auxiliary materials by the Group for the financial year ending 31 December 2024 under the Existing Mutual Supply Framework Agreement exceed 5%, such transaction is subject to reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

#### **(b) Renewal of Continuing Connected Transactions**

As the Existing Mutual Supply Framework Agreement will expire on 31 December 2024, the Company conditionally entered into the 2025 Mutual Supply Framework Agreement with HG on 28 October 2024 in respect of the following transactions:

- (a) the HG Group shall supply the Group with nickel ore;
- (b) the HG Group and/or associates of HG and/or the Indonesian Entities (which are the subsidiaries of the Group) shall supply the Group (excluding the Indonesian Entities) with nickel products;
- (c) the HG Group shall supply coal to the Group, which is used to generate electricity required for the operation of the Obi projects;
- (d) the HG Group and/or associates of HG shall lease site construction equipment and machinery used in the construction of the Group's production facilities on the Obi Island ("**Construction Equipment**") to the Group;

- (e) the HG Group and/or associates of HG shall provide the Group with administrative services ancillary to the day-to-day administration and operation of the Group in connection with the Obi projects, including without limitation the leasing of vessels to the Group, the making of payments of fees required to be made to the relevant local government authority in Indonesia for the use of certain land located on the Obi Island, Indonesia (“**Land Use Fees**”) on behalf of the Group, as well as the provision of electricity to the Group; and
- (f) the Group (excluding the Indonesian Entities) shall supply (i) equipment and supplies used for the production of nickel products; (ii) repair materials; and (iii) raw and auxiliary materials required for the nickel product production operations, to the HG Group and/or associates of HG and/or the Indonesian Entities.

A summary of the salient terms of the 2025 Mutual Supply Framework Agreement is set out below:

<b>Date:</b>	28 October 2024
<b>Parties:</b>	(1) the Company; and (2) HG
<b>Term:</b>	From 1 January 2025 to 31 December 2027 (subject to obtaining approval from the Independent Shareholders)
<b>Subject Matter:</b>	Relevant members of the Group (excluding the Indonesian Entities), the HG Group and/or associates of HG and/or the Indonesian Entities, may from time to time enter into separate definitive agreements which shall set out specific terms and conditions for the transactions under the 2025 Mutual Supply Framework Agreement.
<b>Other Terms:</b>	Definitive agreements must in any event be subject to and in compliance with the terms and conditions of the 2025 Mutual Supply Framework Agreement.

### ***Consideration and Pricing Policies***

The consideration payable by or to the Group under the 2025 Mutual Supply Framework Agreement will be paid at the time and according to the settlement method to be agreed in the definitive agreements. Such definitive agreements must in any event be subject to and in compliance with the terms and conditions of the 2025 Mutual Supply Framework Agreement.

The consideration under the 2025 Mutual Supply Framework Agreement is determined between the parties following arm’s length negotiations and is on normal commercial terms. Further details are set out in the table below:

(a) Supply of nickel ore to the Group

The purchase price for nickel ore is determined with reference to the following:

- (i) the price for nickel ore adjusted for nickel content and moisture content issued by appointed independent surveyors; and
- (ii) a calculation formula taking into account the mineral benchmark price in accordance with the relevant decree issued by the Minister of Energy and Mineral Resources of Indonesia plus shipping or other transportation costs, as further set out in each definitive agreement.

The calculation formula set out in the definitive agreements is typically as follows:

$$\text{Nickel ore purchase price} = \text{Mineral Benchmark Price} \times \text{Nickel Content} \times (1 - \text{Moisture Content}) \times \text{Correction Factor}$$

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*Notes:*

1. “Mineral Benchmark Price” means the benchmark price of nickel ore periodically published by the Indonesian government.
2. “Nickel Content” means the nickel content percentage of the relevant batch of nickel ore, as determined by the independent surveyor appointed by the parties to the definitive agreement.
3. “Moisture Content” means the content percentage of water contained in the relevant batch of nickel ore, as determined by the independent surveyor appointed by the parties to the definitive agreement.
4. “Correction Factor” is a fixed percentage that shall be adjusted upward or downward proportionately based on the percentage increment or decrement in Nickel Content over or below the benchmark nickel content as set forth in the definitive agreement.
5. The Group’s nickel ore purchase price also includes shipping or other transportation costs, which refer to costs occurred in relation to the shipping and transportation of the nickel ore.

<i>Type of Transaction</i>	<i>Pricing Policy</i>
(b) Supply of nickel products to the Group	The purchase price for the nickel products is determined with reference to the prevailing market price for the relevant type of nickel product, including the prices at which Independent Third Party suppliers are willing to sell the same or comparable nickel products, and taking into account the purchase price for nickel ore.
(c) Supply of coal to the Group	The supply price for coal is calculated by multiplying the unit price by actual weight. The unit price of coal shall be determined with reference to (a) market price and conditions; (b) relevant local industry index prices; (c) changes in local policies; (d) coal quality characteristics; and (e) transportation costs.
(d) Lease of Construction Equipment to the Group	The rental consideration for each type of Construction Equipment is determined with reference to the prevailing market prices of the same or comparable equipment or machinery leased in the ordinary and usual course of business. The total rent payable is based on the quantity of each type of Construction Equipment used and the recorded rental usage of the same, as further set out in each definitive agreement.
(e) Provision of administrative services to the Group	The fees for the administrative services is generally determined on a cost basis depending on actual usage of the relevant services.
(f) Supply of production equipment and supplies, repair materials and raw and auxiliary materials by the Group	The price for the Group's sale of production equipment and supplies, repair materials and raw and auxiliary materials is determined based on a cost plus basis, taking into reference the Group's procurement costs and related expenses (e.g. labor and logistics costs).

In any event, the Group will ensure that (i) the consideration payable by the Group shall be no less favorable than the price that is available from Independent Third Party suppliers for the same or comparable products and services; and (ii) the consideration payable to the Group shall be no more favorable to the HG Group and/or associates of HG and/or the Indonesian Entities than the price that is available to Independent Third Party purchasers for the same or comparable products.

### ***Settlement Method***

Upon the completion of the relevant services provided, the settlement shall be made within the settlement cycle as agreed under the definitive agreement to be entered into in accordance with the 2025 Mutual Supply Framework Agreement, including but not limited to the settlement of transaction amounts based on a fixed period or other payment methods agreed by both parties.

### ***Reasons for and Benefits of the Renewal***

Reference is made to the Prospectus in relation to the reasons for and benefits of entering into the Existing Mutual Supply Framework Agreement, including but not limited to procuring sufficient amount of nickel ore and coal from the HG Group in a timely and reliable manner and saving transportation and logistics costs.

In view of strengthening the business relationship with the HG Group and to avoid disruptions to the Obi projects, the future development of the Obi projects and the business plans of the Group, the Board considers that the reasons for and benefits of entering into the Existing Mutual Supply Framework Agreement remain apposite.

The Board (excluding the independent non-executive Directors whose views will be set out in the letter from the Independent Board Committee to be included in the circular to be despatched to the Shareholders) is of the view that the terms of the 2025 Mutual Supply Framework 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.

### ***Historical Transaction Amounts***

The total payments made by the Group, or to the Group, for the mutual provision of products and services for each of the years ended 31 December 2022 and 2023 and the nine months ended 30 September 2024 were approximately as follows:

	For the years ended 31 December		For the nine months ended 30 September
	2022	2023	2024
	(US\$ million)	(US\$ million)	(US\$ million)
<b>Expense-based</b>			
(a) Supply of nickel ore to the Group	165.9	203.2	165.9
(b) Supply of nickel products to the Group	1,389.8	2,180.6	2,125.3
(c) Supply of coal to the Group	17.5	12.5	10.5
(d) Lease of Construction Equipment to the Group	4.6	2.3	1.7
(e) Provision of administrative services to the Group	3.0	6.9	28.5
<b>Revenue-based</b>			
(f) Supply of production equipment and supplies, repair materials and raw and auxiliary materials by the Group <sup>(1)</sup>	297.4	430.0	348

*Note:*

- (1) Includes intra-group transactions between the Indonesian Entities, which are the Company's connected subsidiaries on the one hand, and other members of the Group on the other hand.



### ***Annual Caps***

The proposed annual caps for the aggregate payments to be made by the Group, or to the Group, under the 2025 Mutual Supply Framework Agreement for each of the years ending 31 December 2025, 2026 and 2027 are as follows:

<b>For the years ending 31 December</b>			
	<b>2025</b>	<b>2026</b>	<b>2027</b>
	<i>(US\$ million)</i>	<i>(US\$ million)</i>	<i>(US\$ million)</i>
<b>Expense-based</b>			
(a) Supply of nickel ore to the Group	657.5	828.3	876.6
(b) Supply of nickel products to the Group <sup>(1)</sup>	6,439.9	8,631.3	9,062.8
(c) Supply of coal to the Group	345.4	719.9	772.3
(d) Lease of Construction Equipment to the Group	8.5	8.9	9.3
(e) Provision of administrative services to the Group	475.9	613.3	621.6
<b>Revenue-based</b>			
(f) Supply of production equipment and supplies, repair materials and raw and auxiliary materials by the Group <sup>(1)</sup>	1,832.9	2,263.5	2,270.1

*Note:*

- (1) Includes intra-group transactions involving the supply of nickel products by the Indonesian Entities, which are connected subsidiaries of the Company and project companies of the Obi projects, to other members of the Group, as well as the purchase of production equipment and supplies, repair materials and raw and auxiliary materials by the Indonesian Entities from the Group.

### ***Basis for the Annual Caps***

The proposed annual caps for the transactions contemplated under the 2025 Mutual Supply Framework Agreement are determined with reference to the following basis:

For the supply of nickel ore and coal to the Group:

- (i) the increase in production capacity of the Obi projects. As at the date of this announcement, production lines under phases I and II of the HPAL project have reached the annual designed production capacity of 55,000 metal tons per annum and the utilization rate has steadily exceeded 100%, whereas production lines under phase I of the RKEF project have reached the annual designed production capacity of 95,000 metal tons per annum, and these production lines that have been put into operation and reached the production capacity have generated stable output in 2024. Production lines under phase III of the HPAL project are expected to reach the annual designed production capacity of 65,000 metal tons per annum in 2025 and phase II of the RKEF project will gradually commence operations in 2025 and generate output. It is expected that all production lines under the Obi projects will be put into operation and reach the production capacity by 2027 and there will be an increase in production of nickel products that will result in an increase in demand for nickel ore and coal, and given that the quantity of nickel ore and coal to be purchased for the Obi projects (measured in metric tons) is directly correlated with the production capacity, the demand for nickel ore and coal is expected to grow annually; and
- (ii) the anticipated prices of nickel ore (of varying nickel content) in 2025 to 2027 having regard to the forecasts of major international economic organizations on macroeconomics as well as the current trends in nickel ore prices and coal prices.

For the supply of nickel products to the Group:

- (i) the increase and expected increase in production capacity of the Obi projects as detailed above in relation to the basis of determining the annual caps for the supply of nickel ore and coal to the Group;
- (ii) the expected demand for nickel products produced by the Obi projects, based on agreements entered into with downstream customers of the Group; and
- (iii) the anticipated prices of various nickel products from 2025 to 2027 based on the forecasts by the Company's sales team of the prices of nickel products and with reference to the current price trends of nickel products on industry websites such as Shanghai Metals Market (SMM) and the forecasts of major international economic organizations on macroeconomics.

For the lease of Construction Equipment and the provision of administrative services to the Group:

- (i) the gradual increase in production capacity of the Obi projects from 2025 to 2027 and the corresponding expansion in scope of and accordingly increase in demand for administrative services and Construction Equipment for the HPAL project and RKEF project:
  - with respect to the lease of Construction Equipment to the Group, the expected demand attributable to phase III of the HPAL project and phase II of the RKEF project was estimated considering factors such as expected maximum number of production lines, expected maximum production capacity and construction progress of these phases, as well as specific Construction Equipment needed;
  - with respect to the provision of administrative services to the Group, the expected demand attributable to phase III of the HPAL project and phase II of the RKEF project was estimated considering factors such as: (a) the expected maximum number of production lines, expected maximum production capacity and construction progress of these phases; (b) the increase in number of vessels to be leased to accommodate the operations of the Obi projects; (c) expected area of land needed in connection with the development of each of these phases; and (d) the expected consumption of electricity by the Group in connection with the development of these phases as well as the costs for procuring electricity as authorized by the Indonesian government (namely the Indonesian Ministry of Energy and Mineral Resources and the People's Assembly of the region where the power generation is located);
- (ii) with respect to the Group's lease of Construction Equipment, the anticipated prevailing market rental price of the same or comparable Construction Equipment leased in the ordinary and usual course of business.

For the supply of production equipment and supplies, repair materials and raw and auxiliary materials by the Group:

- (i) the expected amount of production equipment and supplies, repair materials and raw and auxiliary materials required by the HG Group, the Indonesian Entities and by other associates of HG, which correspond to the status of construction of the HPAL project production facilities and the RKEF project production facilities on the Obi Island in 2025, 2026 and 2027;
  - due to certain delays in the construction of phase III of the HPAL project and phase II of the RKEF project in 2023, it is expected that all production lines under construction will commence operation and reach production capacity by 2027, and as a result the procurement of supplies will be adjusted accordingly to reflect the actual progress of the construction and it is expected that the demand for the supply of production equipment and supplies, repair materials and raw and auxiliary materials will reach its peak in 2027;

- (ii) the anticipated increase in proportion of production equipment and related supplies to be purchased by HPL, ONC, HJF and KPS from the Group (excluding the Indonesian Entities). Purchases from the Group (excluding the Indonesian Entities) is expected to account for almost all of their respective total demands for such equipment and related supplies in connection with the construction and operations of the Obi projects. This is due to a strategic shift in business model to increase their proportion of such purchases through the Group (excluding the Indonesian Entities) as opposed to purchasing directly from different third party suppliers, allowing the Obi projects to benefit from a more streamlined and reliable supply and improved cost-control due to the increased volume of purchase and/or decreased transportation costs;
- (iii) the anticipated prevailing market price of the same or comparable equipment supplied by the Group in the ordinary and usual course of business.

For all transactions under the 2025 Mutual Supply Framework Agreement:

- (i) the historical transaction amounts of the transactions under the Existing Mutual Supply Framework Agreement; and
- (ii) any upward adjustment due to macro-economic factors, including inflation of approximately 2.5% in Indonesia according to public sources such as the World Economic Outlook published by the International Monetary Fund in 2024.

### ***Implications under the Listing Rules***

As at the date of this announcement, HG is controlled by the family members of Ms. Lim. Ms. Lim is the de facto controller of Feng Yi Pte. Ltd., a 17% Shareholder of the Company. As such, Ms. Lim is indirectly interested in 17% 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, HG 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 the transactions contemplated under the 2025 Mutual Supply Framework Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios with respect to the 2025 Mutual Supply Framework Agreement and the transactions contemplated thereunder exceed 5%, such transaction is subject to reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **2. GSP Stevedoring Framework Agreement**

Reference is made to the Prospectus in relation to the Existing GSP Stevedoring Framework Agreement entered into between the Company and GPS on 31 May 2022 pursuant to which the GSP Group shall provide stevedoring services to the Group.

As the Existing GSP Stevedoring Framework Agreement will expire on 31 December 2024, the Company conditionally entered into the 2025 GSP Stevedoring Framework Agreement with GSP on 28 October 2024 in respect of the provision of stevedoring services by the GSP Group to the Group.

A summary of the salient terms of the 2025 GSP Stevedoring Framework Agreement is set out below:

<b>Date:</b>	28 October 2024
<b>Parties:</b>	(1) the Company; and (2) GSP
<b>Term:</b>	From 1 January 2025 to 31 December 2027
<b>Subject Matter:</b>	Relevant members of the Group and the GSP Group may from time to time enter into separate definitive agreements which shall set out specific terms and conditions under the 2025 GSP Stevedoring Framework Agreement.
<b>Other Terms:</b>	Definitive agreements must in any event be subject to and in compliance with the terms and conditions of the 2025 GSP Stevedoring Framework Agreement.

### ***Consideration and Pricing Policies***

The consideration payable by or to the Group under the 2025 GSP Stevedoring Framework Agreement will be paid at the time and according to the settlement method to be agreed in the definitive agreements. Such definitive agreements must in any event be subject to and in compliance with the terms and conditions of the 2025 GSP Stevedoring Framework Agreement.

The consideration under the 2025 GSP Stevedoring Framework Agreement is determined between the parties following arm's length negotiations and is on normal commercial terms with reference to (a) qualification of service providers in stevedoring of cargoes; (b) the prevailing market price for the provision of similar types of services in the same or nearby service area by Independent Third Parties; (c) the actual services to be provided, the volume of cargoes to be handled and the duration of storage of cargoes; and (d) the historical prices offered to Independent Third Party service providers, and on a cost basis depending on actual usage of the stevedoring services. In any event, the Company will ensure that the consideration payable by the Group shall be no less favorable than the price that is available from Independent Third Party suppliers for the same or comparable services.

### ***Settlement Method***

Upon the completion of the relevant services provided, the settlement shall be made within the settlement cycle as agreed under the definitive agreement to be entered into in accordance with the 2025 GSP Stevedoring Framework Agreement, including but not limited to the settlement of transaction amounts based on a fixed period or other payment methods agreed by both parties.



### ***Reasons for and Benefits of the Renewal***

Reference is made to the Prospectus in relation to the reasons for and benefits of entering into the Existing GSP Stevedoring Framework Agreement, including but not limited to GSP's familiarity with the Company's business operations on the Obi Island and the geographical proximity of the GSP Group's docks to the Company's manufacturing facilities on the Obi Island.

In view of strengthening the business relationship with the GSP Group and to avoid disruptions to the Obi projects, the future development of the Obi projects and the business plans of the Group, the Board considers that the reasons for and benefits of entering into the Existing GSP Stevedoring Framework Agreement remain apposite. Apart from the new annual caps, the terms of the 2025 GSP Stevedoring Framework Agreement (including the pricing policy) are substantially the same as those of the Existing GSP Stevedoring Framework Agreement disclosed in the Prospectus.

The Board (including the independent non-executive Directors) is of the view that the terms of the 2025 GSP Stevedoring Framework Agreement and the transactions contemplated thereunder are on normal commercial terms, are fair and reasonable, have been entered into in the ordinary and usual course of business of the Company and are in the interests of the Company and the Shareholders as a whole.

### ***Historical Transaction Amounts***

The total payments made by the Group for the provision of stevedoring services for each of the years ended 31 December 2022 and 2023 and the nine months ended 30 September 2024 were as follows:

	<b>For the years ended 31 December</b>		<b>For the nine months ended</b>
	<b>2022</b>	<b>2023</b>	<b>30 September 2024</b>
	<i>(US\$ million)</i>	<i>(US\$ million)</i>	<i>(US\$ million)</i>
Provision of stevedoring services to the Group (Expense based)	0.2	0.5	0.6

### ***Annual Caps***

The proposed annual caps for the aggregate payments to be made by the Group under the 2025 GSP Stevedoring Framework Agreement for each of the years ending 31 December 2025, 2026 and 2027 are as follows:

	<b>For the years ending 31 December</b>		
	<b>2025</b>	<b>2026</b>	<b>2027</b>
	<i>(US\$ million)</i>	<i>(US\$ million)</i>	<i>(US\$ million)</i>
Provision of stevedoring services to the Group (Expense based)	2.8	4.2	4.4

### ***Basis for the Annual Caps***

The proposed annual caps under the 2025 GSP Stevedoring Framework Agreement have been determined with reference to:

- (i) the historical transaction amounts for the stevedoring services;
- (ii) the expected scale of operations of the Company on the Obi Island and corresponding need for stevedoring services in connection with the Obi projects;
- (iii) in accordance with market practices for determining the consideration for stevedoring services, all potential costs and taxes that GSP may incur in fulfilling its responsibilities and obligations under the 2025 GSP Stevedoring Framework Agreement, such as labor costs, machinery expenses, self-procured material costs, and technical support fees;
- (iv) the Group's overall business development strategy and business plan for continuous growth; and
- (v) any upward adjustment due to macro-economic factors such as inflation.

### ***Implications under the Listing Rules***

As at the date of this announcement, GSP is controlled 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 17% Shareholder of the Company. As such, Ms. Lim is indirectly interested in 17% 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, GSP is an associate of Ms. Lim and is a connected person of the Company pursuant to Rule 14A.07(4) of the Listing Rules. Therefore, the transactions contemplated under the 2025 GSP Stevedoring Framework Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios calculated with reference to the annual caps for the transactions contemplated under the 2025 GSP Stevedoring Framework Agreement is more than 0.1% but less than 5%, such transactions are subject to the reporting, annual review and announcement requirements but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

### **3. Internal Control Procedures**

To safeguard the interests of the Company and its Shareholders as a whole, particularly the minority Shareholders, the Company has adopted internal approval and monitoring procedures to ensure that terms under the continuing connected transactions of the Existing Mutual Supply Framework Agreement, the 2025 Mutual Supply Framework Agreement and the 2025 GSP Stevedoring Framework Agreement are fair and reasonable or no less favorable than terms available to or from Independent Third Parties and are carried out under normal commercial terms:

1. each transaction to be conducted in respect of the Existing Mutual Supply Framework Agreement, the 2025 Mutual Supply Framework Agreement and the 2025 GSP Stevedoring Framework Agreement shall comply with the relevant policies of the Company;
2. the independent non-executive Directors will review the continuing connected transactions under the the Existing Mutual Supply Framework Agreement, the 2025 Mutual Supply Framework Agreement and the 2025 GSP Stevedoring Framework agreement every year including the pricing policy thereunder and confirm in the annual report whether the transactions have been entered into in the ordinary and usual course of business, on normal commercial terms or better, and the terms of the Existing Mutual Supply Framework Agreement, the 2025 Mutual Supply Framework Agreement and the 2025 GSP Stevedoring Framework Agreement are fair and reasonable and in the interests of the Shareholders as a whole;

3. the finance department of the Company will closely monitor the transaction updates under the the Existing Mutual Supply Framework Agreement, the 2025 Mutual Supply Framework Agreement and the 2025 GSP Stevedoring Framework Agreement, including reviewing and assessing whether the transactions in relation to the Existing Mutual Supply Framework Agreement, the 2025 Mutual Supply Framework Agreement and the 2025 GSP Stevedoring Framework Agreement have been conducted in accordance with the terms of the relevant agreements;
4. the Company's auditors will report on the continuing connected transactions under the Existing Mutual Supply Framework Agreement, the 2025 Mutual Supply Framework Agreement and the 2025 GSP Stevedoring Framework Agreement every year and provide a letter to the Board, confirming, among others, whether the pricing policies have been adhered to and whether the relevant annual caps have been exceeded;
5. the Group has risk management and internal control system as well as an independent accounting and financial management system and various departments (such as finance department, audit department and risk management and legal department) to predict, evaluate and control all kinds of risks in business operations;
6. when considering any renewal of or revisions to the Existing Mutual Supply Framework Agreement, the 2025 Mutual Supply Framework Agreement and the 2025 GSP Stevedoring Framework Agreement, the interested Directors and Shareholders (if applicable) would abstain from voting on the resolutions to approve such transactions at board meetings or shareholders' general meetings (as the case may be), and the independent non-executive Directors and the Independent Shareholders (as the case may be) would have the right to consider whether the terms of the Existing Mutual Supply Framework Agreement, the 2025 Mutual Supply Framework Agreement and the 2025 GSP Stevedoring Framework Agreement (including the proposed annual caps) are fair and reasonable, and on normal commercial terms and in the interests of the Company and Shareholders as a whole. If the independent non-executive Directors' approval or the Independent Shareholders' approval (if applicable) cannot be obtained, the Company will not continue the transactions under the Existing Mutual Supply Framework Agreement, the 2025 Mutual Supply Framework Agreement and the 2025 GSP Stevedoring Framework Agreement.

## **B. MAJOR AND CONNECTED TRANSACTIONS**

### **1. Capital Contribution to DCM**

Reference is made to the Prospectus in relation to, among others, the shareholders agreement entered into by Ningbo Lygend IPM and TBP in respect of DCM (“**Old DCM Shareholders Agreement**”).

On 28 October 2024, Ningbo Lygend IPM and TBP, both being existing shareholders of DCM, entered into the DCM Shareholders Agreement to replace the Old DCM Shareholders Agreement. Pursuant to the DCM Shareholders Agreement, the DCM Parties agreed to increase the capital commitment by a total of USD51,620,000, which will be injected into DCM by Ningbo Lygend IPM and TBP in proportion to their respective shareholding in DCM, being 60% to be held by Ningbo Lygend IPM and 40% to be held by TBP. Accordingly, upon completion of the capital contribution, the shareholding ratios of Ningbo Lygend IPM and TBP in DCM shall remain unchanged.

#### ***Principal Terms of the DCM Shareholders Agreement***

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

##### **Date**

28 October 2024

##### **Parties**

- (i) Ningbo Lygend IPM; and
- (ii) TBP (each a “**DCM Party**”, and collectively “**DCM Parties**”)

##### **Capital Increase and Shareholding Structure**

Prior to entering into the DCM Shareholders Agreement, DCM had an authorized capital of IDR10,100,000,000,000, of which IDR2,525,000,000, representing 25% of the authorized capital of DCM, had been paid up by the existing shareholders of DCM. Immediately prior to entering into the DCM Shareholders Agreement, DCM was held as to 60% by Ningbo Lygend IPM and 40% by TBP.

Pursuant to the DCM Shareholders Agreement, the DCM Parties agreed to increase the capital commitment by a total of USD51,620,000, of which (i) USD18,067,000, representing 35% of the total capital commitment, will be injected by the DCM Parties in proportion to their respective shareholding upon the approval of the Independent Shareholders; and (ii) USD33,553,000, representing 65% of the total capital commitment, will be injected by the DCM Parties in proportion to their respective shareholding as and when required having regard to the actual operational activities of DCM and the applicable laws in Indonesia.



The shareholding structure of DCM immediately before and after the completion of the capital contribution in IDR, USD and RMB is set out below:

	Immediately before the completion of the capital contribution				Immediately after the completion of the capital contribution			
	Amount of contribution (IDR)	Amount of contribution (USD)	Amount of contribution (RMB)	Shareholding percentage	Amount of contribution (IDR)	Amount of contribution (USD)	Amount of contribution (RMB)	Shareholding percentage
DCM Shareholders								
Ningbo								
Lygend IPM	1,515,000,000	96,146	682,624	60%	489,552,144,357	31,068,146	220,580,730	60%
TBP	1,010,000,000	64,097	455,082	40%	326,368,090,985	20,712,097	147,053,817	40%
<b>Total</b>	<b>2,525,000,000</b>	<b>160,243</b>	<b>1,137,706</b>	<b>100%</b>	<b>815,920,235,342</b>	<b>51,780,243</b>	<b>367,634,547</b>	<b>100%</b>

As Ningbo Lygend IPM will continue to be able to exercise 60% of the voting rights in DCM, DCM remains a subsidiary of the Group and the financial results of DCM will continue to be consolidated into the consolidated statements of the Group.

The amount of capital increase and the amount of total capital commitment were determined by the DCM Parties after arm's length negotiation with reference to, among other things, the funding requirements of DCM and DCM Parties' respective interests in DCM. The capital contribution by Ningbo Lygend IPM will be funded by the internal resources of the Group.

### Future Funding

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

- firstly, from DCM's borrowings from financial institutions, and in this case the DCM Shareholders agree to provide any required corporate guarantee in line with the requirements from the financial institutions to secure DCM's borrowings;
- next, from borrowings from the DCM Shareholders pro rata to their respective shareholding percentage in DCM; or
- lastly, from additional equity injection from DCM Shareholders, and in this matter DCM shall issue new shares of DCM and the DCM Parties must subscribe such new shares pro rata in respect of its share proportion in DCM.

- (d) If a DCM Shareholder cannot or is not willing to contribute in any future funding (“**DCM Non-Participant**”), the other DCM Shareholder (“**DCM Participant**”) shall have the pro-rata right, but is not obligated, to make additional contribution funding in the amount of the Non-Participant’s portion. If the DCM Non-Participant agrees DCM Participant to make such additional contribution funding, the DCM Non-Participant (together with the DCM Participant) shall procure DCM to issue such number of new shares that is equal to the additional contribution funding amount, to be subscribed by the DCM Participant, as well as to conduct all actions as required by Indonesian Law, including but not limited, to recording the issuance of new shares in the DCM’s shareholders’ register and Online Single Submission (OSS) System in Indonesia.

### **DCM Board of Directors**

The DCM Board of Directors shall consist of five members of whom one shall be the President Director. Ningbo Lygend IPM shall have the right to nominate a total of three directors, including the Vice President Director whereas TBP shall have the right to nominate a total of two directors, including the President Director, to the DCM Board of Directors.

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

### **DCM Board of Commissioners**

The DCM Board of Commissioners shall consist of three members of whom one shall be the President Commissioner. Ningbo Lygend IPM shall have the right to nominate a total of two commissioners, including the President Commissioner, whereas TBP shall have the right to nominate one commissioner to the DCM Board of Commissioners.

Each DCM Party agrees that DCM Parties shall at all times have the right to vote for the removal of members of the DCM Board of Commissioners, but does not have the right to vote for the removal of commissioners appointed by the DCM Parties unless the DCM Party entitled to nominate such Commissioner requested or consented to such removal in writing.

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

## **DCM Commissioners' Reserved Matters**

The following actions are subject to the approval from the DCM Board of Commissioners:

- (i) to sell, transfer, release rights, or give warrant on immovable asset own in a single financial year by the DCM equal to or less than 50% (fifty percent) from the DCM's assets;
- (ii) creating any Encumbrance over any of the DCM's assets or property;
- (iii) establish a company or participate in other company inside or outside Republic of Indonesia;
- (iv) issue or conduct an action to create new Debt on behalf of DCM, including but not limited to obtain new Debt facility from any party, conduct a Debt restructuring, and/or issued a Debt instrument in any kind or form;
- (v) enter into any agreement not on *bona fide* arm's length terms or any related party dealings of DCM, including transactions between the DCM with any of the following entities: (1) shareholders; (2) directors or commissioners of DCM; and/or (3) their affiliates;
- (vi) initiating or settling any litigation, arbitration or similar proceedings; and/or
- (vii) act of 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.

## **DCM Shareholders' Reserved Matters**

Subject to prevailing Indonesian Law, the following actions shall obtain the approval of the DCM Shareholders:

- (i) increasing or reducing the share capital of DCM 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) DCM to conduct a merger, acquisition, or consolidation;
- (iii) any change in the number and/or composition of directors and commissioners of DCM and appointment and/or removal of the member of DCM Board of Directors and/or DCM Board of Commissioners;
- (iv) making any material change in the nature or scope of business of DCM, including introducing or discontinuing any field of activity, ceasing to conduct its business;

- (v) proposing or resolving to dissolve and liquidate DCM or the filing of a petition for dissolution and liquidation of DCM or the making of any arrangement by DCM with creditors generally or any application for voluntary bankruptcy or suspension of payment in respect of DCM;
- (vi) DCM's initial public offering and registration to any stock exchange;
- (vii) approving or making any amendments to DCM's annual budget and business plan, including capital expenditure; and/or
- (viii) appoint an auditor and approving the audited financial statements and annual report of DCM, its financial year or principal accounting policies employed.

### **Transfer of New DCM Shares**

If a DCM Shareholder ("**Selling DCM Shareholder**") intends to sell any/all its shares ("**Offered DCM Shares**") to a third party ("**Prospective DCM Transferee**"), the Selling DCM Shareholder shall be obligated to first offer such shares on pro-rata basis to the other DCM Shareholders ("**Remaining DCM Shareholder**") by delivering a written notice to the Remaining DCM Shareholder ("**DCM Offer Notice**"). The Remaining DCM Shareholder shall have the obligation to respond to such offer within 90 (ninety) days from the transfer notice made by the Selling DCM Shareholder. If the Remaining DCM Shareholder fails to respond to the notice provided by the Selling DCM Shareholder or decides not to purchase the Offered DCM Shares, the Selling DCM Shareholder may offer the DCM Offered Shares to the Prospective DCM Transferee with the same and not below the terms and conditions as stated in the DCM Offer Notice.

The Prospective DCM Transferee must enter into a deed of adherence, agreeing to be bound by the provisions of the DCM Shareholders Agreement. If the Prospective DCM Transferee does not enter into the deed of adherence in the form required by this Agreement, the transfer of the shares shall be considered to be null and void.

### ***Reasons for and Benefits of the DCM Shareholders Agreement***

DCM is responsible for the operation of the industrial park in Obi Island. Given the continuous development of the Obi projects which will result in an increase in deployment of human capital, the Group envisages a need for additional facilities to support the staff who are involved in the Obi projects. Accordingly, the capital injected into DCM will be used for the construction and operation of supporting public auxiliary facilities, such as staff dormitories and canteens, in the industrial park on the Obi Island, which will help to further reduce the operating costs of the Group, increase the profitability and operational efficiency of the Group, and enhance the comprehensive risk resistance ability of the Group.

The Company and TBP, the Indonesian Partner, have collaborated on various projects, such as setting up joint ventures involved in the Obi projects. The Company is of the view that strengthening the relationship with the Indonesian Partner is beneficial to the Group as a whole. The entering into of the DCM Shareholders Agreement and increased capital commitment represents the continued collaboration with the Indonesian Partner, and supports the Company's strategy for the development of its nickel product production projects in the Obi Island, where the Group can continue to leverage on the knowledge and experience of the Indonesian Partner within the Indonesian nickel ore mining business sector, and can pave the way for further business developments and relationships. The increased capital commitment is anticipated to enhance the operational efficiency of DCM and support DCM's purpose of building and running the supporting public auxiliary facilities of the industrial park in Obi Island, generating returns to the Company and bringing synergy effect to the Company and TBP.

The Board (excluding the independent non-executive Directors whose views will be set out in the letter from the Independent Board Committee to be included in the circular to be despatched to the Shareholders) is of the view that the terms of the DCM 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, Ningbo Lygend IPM is a wholly-owned subsidiary of the Company. TBP is owned as to 86.45% by HJR, and HJR is ultimately controlled by family members of Ms. Lim. Ms. Lim is the de facto controller of Feng Yi Pte. Ltd., a 17% Shareholder of the Company. As such, Ms. Lim is indirectly interested in 17% 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. Accordingly, the transactions contemplated under the DCM Shareholders Agreement constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

## **2. Capital Contribution to ONC**

Reference is made to the Prospectus in relation to, among others, the ONC Shareholders Agreement entered into by Lygend New Power, TBP and Li Yuen. Please refer to the Prospectus for details on the board of directors and senior management of ONC and the ONC Shareholders Agreement.

On 28 October 2024, Lygend New Power, TBP and Li Yuen, all existing shareholders of ONC, entered into the ONC Amendment Agreement to vary the ONC Shareholders Agreement and increase the capital commitment by a total of USD466,000,000, which will be injected into ONC by Lygend New Power, TBP and Li Yuen in proportion to their respective shareholding in ONC, being 60% to be held by Lygend New Power, 10% to be held by TBP and 30% to be held by Li Yuen.



## ***Principal Terms of the ONC Amendment Agreement***

The principal terms of the ONC Amendment Agreement are set out below:

### **Date**

28 October 2024

### **Parties**

- (i) Lygend New Power;
- (ii) TBP; and
- (iii) Li Yuen (each a “**ONC Party**”, and collectively “**ONC Parties**”)

### **Capital Increase and Shareholding Structure**

Prior to entering into the ONC Amendment Agreement, ONC had an authorized capital of IDR4,350,000,000,000, of which IDR1,522,500,000,000, representing 35% of the authorized capital had been paid up by the existing shareholders of ONC, Lygend New Power, Li Yuen and TBP. ONC is held as to 60%, 30% and 10% by Lygend New Power, Li Yuen and TBP respectively.

Pursuant to the ONC Amendment Agreement, the ONC Parties agree to increase the capital commitment by a total of USD466,000,000, which the ONC Parties will inject in proportion to their respective shareholding as and when required having regard to the actual operational activities of ONC and the applicable laws in Indonesia.

The shareholding structure of ONC immediately before and after the completion of the capital contribution in IDR, USD and RMB is set out below:

ONC Shareholders	Immediately before the completion of the capital contribution				Immediately after the completion of the capital contribution			
	Amount of contribution	Amount of contribution	Amount of contribution	Shareholding percentage	Amount of contribution	Amount of contribution	Amount of contribution	Shareholding percentage
	(IDR)	(USD)	(RMB)		(IDR)	(USD)	(RMB)	
Lygend New Power	3,970,856,206,800	252,000,000	1,789,174,800	60%	8,376,615,712,440	531,600,000	3,774,306,840	60%
TBP	661,809,367,800	42,000,000	298,195,800	10%	1,396,102,618,740	88,600,000	629,051,140	10%
Li Yuen	1,985,428,103,400	126,000,000	894,587,400	30%	4,188,307,856,220	265,800,000	1,887,153,420	30%
<b>Total</b>	<b>6,618,093,678,000</b>	<b>420,000,000</b>	<b>2,981,958,000</b>	<b>100%</b>	<b>13,961,026,187,400</b>	<b>886,000,000</b>	<b>6,290,511,400</b>	<b>100%</b>

As Lygend New Power will be able to exercise 60% of the voting rights in ONC, ONC is a subsidiary of the Group and the financial results of ONC will continue to be consolidated into the consolidated statements of the Group.

The amount of capital increase and the amount of total capital commitment were determined by the ONC Parties after arm's length negotiation with reference to, among other things, the funding requirements of ONC and ONC Parties' respective interests in ONC. The capital contribution by Lygend New Power will be funded by the internal resources of the Group.

### ***Reasons for and Benefits of the ONC Amendment Agreement***

ONC is the project company of phase III of the HPAL project. To enable the Group to adapt to diversified market demands, the Group is considering modifying its product mix to include nickel products which have gone through the purification process. Accordingly, the increase in capital commitment will provide capital for ONC to carry out additional processes to purify the nickel products of the Group and thereby diversifying the Group's product matrix. The diversification of the Group's product mix is expected to result in long-term sustainable growth based on achieving economies of scale, reduction of the Group's dependence of the rare metal industry in foreign countries, and safeguarding of the development of the national nickel industry.

Further, similar to the DCM Shareholders Agreement, the entering into of the ONC Amendment Agreement to increase the capital commitment represents the continued collaboration with the Indonesian Partner and the Board considers this to support the Company's strategy for the development of its nickel product production projects in the Obi Island and is beneficial to the Group's development.

The Board (excluding the independent non-executive Directors whose views will be set out in the letter from the Independent Board Committee to be included in the circular to be despatched to the Shareholders) is of the view that the terms of the ONC Amendment 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, Lygend New Power is a wholly-owned subsidiary of the Company. TBP is owned as to 86.45% by HJR, and HJR is ultimately controlled by family members of Ms. Lim. Li Yuen is indirectly and solely held by Ms. Lim. Ms. Lim is the de facto controller of Feng Yi Pte. Ltd., a 17% Shareholder of the Company. As such, Ms. Lim is indirectly interested in 17% 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, each of HJR and Li Yuen 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. Accordingly, the transactions contemplated under the ONC Amendment Agreement constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

### 3. Establishment of BBS

On 28 October 2024, Baoxin Special Steel and HPL entered into the BBS Shareholders Agreement in relation to, among others, the establishment of a joint venture company, BBS.

Pursuant to the BBS Shareholders Agreement, the initial investment amount of BBS is USD505,000,000 and the authorized capital of BBS is IDR89,244,000,000, which the BBS Parties will inject in proportion to their respective shareholding in BBS, being 5.76% to be held by Baoxin Special Steel and 94.24% to be held by HPL.

#### *Principal Terms of the BBS Shareholders Agreement*

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

##### **Date**

28 October 2024

##### **Parties**

- (i) Baoxin Special Steel; and
- (ii) HPL (each a “**BBS Party**”, and collectively “**BBS Parties**”)

##### **Shareholding Structure**

Pursuant to the BBS Shareholders Agreement, the BBS Parties agreed that the authorized capital of BBS shall be IDR89,244,000,000 (equivalent to USD5,669,886), of which IDR22,311,000,000 (equivalent to USD1,417,472), representing 25% of the authorized capital of BBS shall be paid up by the BBS Parties. The remaining non-paid-up authorized capital will be subscribed by the 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 BBS Shareholders Agreement, the initial investment amount is USD505,000,000 and the total investment amount shall be determined after the completion of site investigation and feasibility study.

The shareholding structure of BBS upon establishment 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%
<b>Total</b>	<b>7,948,699,495,000</b>	<b>505,000,000</b>	<b>3,585,449,500</b>	<b>100%</b>

As HPL will be able to exercise 94.24% of the voting rights in BBS, BBS is a subsidiary of the Group and the financial results of BBS will continue to be consolidated into the consolidated statements of the Group.

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

### **Future Funding**

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

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

### **BBS Board of Directors**

The BBS Board of Directors shall consist of one member of whom shall be the President Director nominated by HPL.

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

## **BBS Board of Commissioners**

The BBS Board of Commissioners shall consist of one member of whom shall be the commissioner nominated by the Company.

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

## **BBS Commissioners' Reserved Matters**

The following actions are subject to the approval from the BBS Board of Commissioners:

- (i) to sell, transfer, release rights, or give warrant on immovable asset that is owned in a single financial year by the BBS equal to or less than 50% (fifty percent) from the BBS' assets;
- (ii) creating any Encumbrance over any of the BBS' assets or property;
- (iii) establish a company or participate in other company inside or outside Republic of Indonesia;
- (iv) issue or conduct an action to create new Debt on behalf of BBS, including but not limited to obtain new Debt facility from any party, conduct a Debt restructuring, and/or issued a Debt instrument in any kind or form;
- (v) enter into any agreement not on *bona fide* arm's length terms or any related party dealings of BBS, including transactions between BBS with any of the following entities: (1) shareholders; (2) directors or commissioners of BBS; and/or (3) their Affiliates;
- (vi) initiating or settling any litigation, arbitration or similar proceedings; and/or
- (vii) act of 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.

## **BBS Shareholders' Reserved Matters**

Subject to prevailing Indonesian Law, the following actions shall obtain the approval of the shareholders of BBS:

- (i) increasing or reducing the share capital of BBS or issuing or allotting any or repurchasing, reducing, redeeming, converting, cancelling or otherwise reorganising any share or other securities, including in relation to Future Funding as mentioned above;
- (ii) BBS to conduct a merger, acquisition, or consolidation;

- (iii) any change in the number and/or composition of directors and commissioners of BBS and appointment and/or removal of the member of BBS Board of Directors and/or BBS Board of Commissioners;
- (iv) making any material change in the nature or scope of business of BBS, including introducing or discontinuing any field of activity, ceasing to conduct its business;
- (v) proposing or resolving to dissolve and liquidate BBS or the filing of a petition for dissolution and liquidation of BBS or the making of any arrangement by BBS with creditors generally or any application for voluntary bankruptcy or suspension of payment in respect of BBS;
- (vi) BBS' initial public offering and registration to any stock exchange;
- (vii) approving or making any amendments to BBS' annual budget and business plan, including capital expenditure; and/or
- (viii) appoint an auditor and approving the audited financial statements and annual report of BBS its financial year or principal accounting policies employed.

#### **Transfer of BBS Shares**

If a BBS Shareholder ("**Selling BBS Shareholder**") intends to sell any/all its shares ("**Offered BBS Shares**") to a third party ("**Prospective BBS Transferee**"), the Selling BBS Shareholder shall be obligated to first offer such shares on pro-rata basis to the other BBS Shareholders ("**Remaining BBS Shareholder**") by delivering a written notice to the Remaining BBS Shareholder ("**BBS Offer Notice**"). The Remaining BBS Shareholder shall have the obligation to respond to such offer within 90 (ninety) days from the transfer notice made by the Selling BBS Shareholder. If the Remaining BBS Shareholder fails to respond to the notice provided by the Selling BBS Shareholder or decides not to purchase the Offered BBS Shares, the Selling BBS Shareholder may offer the BBS Offered Shares to the Prospective BBS Transferee with the same and not below the terms and conditions as stated in the BBS Offer Notice.

The Prospective BBS Transferee must enter into a deed of adherence, agreeing to be bound by the provisions of the BBS Shareholders Agreement. If the Prospective BBS Transferee does not enter into the deed of adherence in the form required by this Agreement, the transfer of the shares shall be considered to be null and void.

#### ***Reasons for and Benefits of BBS Shareholders Agreement***

The BBS Parties intend to establish BBS with the aim to build and run a HPAL smelting slag treatment plant in Obi Island with an annual treatment of 1,340,000 metric tons of HPAL smelting slags together with a slag warehouse and other ancillary facilities. The establishment of BBS 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 business of BBS will create new sources of income and enhance the Group's profitability.



The Board (excluding the independent non-executive Directors whose views will be set out in the letter from the Independent Board Committee to be included in the circular to be despatched to the Shareholders) is of the view that the terms of the BBS 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, Baoxin Special Steel is a wholly-owned subsidiary of the Company. HPL is a non-wholly owned subsidiary of the Company, directly and indirectly owned as to 54.9% by the Company and 45.1% by TBP. TBP is owned as to 86.45% by HJR, and HJR is ultimately controlled by family members of Ms. Lim. Ms. Lim is the de facto controller of Feng Yi Pte. Ltd., a 17% Shareholder of the Company. As such, Ms. Lim is indirectly interested in 17% 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, HPL 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 HPL. Accordingly, the transactions contemplated under the BBS Shareholders Agreement constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

## **4. Aggregation and Implications of the JV Agreements under the Listing Rules**

Reference is made to the announcements of the Company dated 17 June 2024 in relation to the CKM Shareholders Agreement and the announcements of the Company dated 15 December 2023, 22 December 2023, 30 May 2024, 5 June 2024 and 2 October 2024 in relation to the MJM Shareholders Agreement, the New MJM Shareholders Agreement and the further capital contribution thereunder. As disclosed in the announcements, the Group has established and/or increased its capital commitment to joint ventures owned by the Group and associates of Ms. Lim, who is a connected person of the Company.

As the transactions contemplated under the MJM Shareholders Agreement, the New MJM Shareholders Agreement, the CKM Shareholders Agreement, the DCM Shareholders Agreement, the ONC Amendment Agreement and the BBS Shareholders Agreement were entered into with parties who are connected with one another and were entered into within a 12-month period, they are aggregated and treated as if they were one transaction pursuant to Rule 14.22 and Rule 14A.81 of the Listing Rules. As the highest applicable percentage ratios with respect to transactions contemplated under the JV Agreements exceeds 25% but is less than 100%, such transactions constitute major and connected transactions of the Company and are subject to reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

## C. DIRECTORS' CONFIRMATION

None of the Directors has any material interest in any of the Connected Agreements and the 2025 GSP Stevedoring Framework Agreement and the transactions contemplated under each of the Connected Agreements and the 2025 GSP Stevedoring Framework Agreement and hence no Director was required to abstain from voting on the relevant Board resolutions.

## D. INFORMATION ON THE GROUP

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

## E. INFORMATION ON DCM

DCM is a limited liability company established under the laws of Indonesia on 5 November 2007 and is principally engaged in the operation of industrial parks and other supporting facilities on the Obi Island. Prior to entering into the DCM Shareholders Agreement, DCM was owned as to 60% by Ningbo Lygend IPM and 40% by TBP.

Set out below is the consolidated financial information of DCM for the financial years ending 31 December 2022 and 2023:

<b>For the financial year ended 31 December</b>				
	<b>2022</b>	<b>2022</b>	<b>2023</b>	<b>2023</b>
	<i>(IDR)</i>	<i>(RMB)</i>	<i>(IDR)</i>	<i>(RMB)</i>
Net profit (loss) before tax**	(1,160,422,347)	(526,162)	(1,792,768,882)	(835,012)
Net profit (loss) after tax**	(1,160,422,347)	(526,162)	(1,792,768,882)	(835,012)

\*\* based on the prevailing currency exchange rates at the time

As of 30 June 2024, the unaudited total assets and net assets of DCM were IDR268,130,220,697 (equivalent to RMB120,813,197) and IDR35,920,324,954 (equivalent to RMB16,184,857), respectively.

## F. INFORMATION ON THE PARTIES INVOLVED

HG is a company incorporated under the laws of Indonesia and is principally engaged in the business of investment holding. As at the date of this announcement, HG is controlled by the family members of Ms. Lim.

Ningbo Lygend IPM is a company incorporated under the laws of PRC and is principally engaged in the business of park management service. As at the date of this announcement, Ningbo Lygend IPM is a wholly-owned subsidiary of the Company.

Lygend New Power is a company incorporated under the laws of Hong Kong with limited liability and is principally engaged in the business of investment holding. As at the date of this announcement, Lygend New Power is a wholly-owned subsidiary of the Company.

Li Yuen is a company incorporated in Singapore with limited liability and is principally engaged in the business of investment holding. As at the date of this announcement, Li Yuen is indirectly and solely held by Ms. Lim.

HPL is a limited liability company established under the laws of Indonesia and is principally engaged in the business of production of nickel-cobalt compounds. As at the date of this announcement, HPL is directly and indirectly held as to 54.9% by the Company and held as to 45.1% by TBP.

Baoxin Special Steel is a company established in the PRC with limited liability and is principally engaged in the business of equity investment. As at the date of this announcement, Baoxin Special Steel is a wholly-owned subsidiary of the Company.

TBP is a company listed on the Indonesia Stock Exchange (IDX) (ticker code: NCKL) and incorporated under the laws of Indonesia. TBP is principally engaged in nickel resource development and nickel product smelting business. As at the date of this announcement, TBP is owned as to 86.45% by HJR.

GSP is a limited liability company established under the laws of the Republic of Indonesia and is principally engaged in the business of provision of stevedoring services. As at the date of this announcement, GSP is controlled by HJR.

HJR is a limited liability company established under the laws of Indonesia, and is principally engaged in coal, nickel and mineral mining, oil palm cultivation, timberlog trading and manufacturing timberlogs. It is ultimately controlled by family members of Ms. Lim.

## **G. INFORMATION ON ONC**

ONC is a limited liability company established under the laws of Indonesia on 26 August 2021 and is principally engaged in the operation of phase III of the HPAL project. Prior to entering into the ONC Amendment Agreement, ONC was owned as to 60% by Lygend New Power, 30% by Li Yuen and 10% by TBP.

Set out below is the consolidated financial information of ONC for the financial years ending 31 December 2022 and 2023:

	<b>For the financial year ended 31 December</b>			
	<b>2022</b>	<b>2022</b>	<b>2023</b>	<b>2023</b>
	<i>(USD)</i>	<i>(RMB)</i>	<i>(USD)</i>	<i>(RMB)</i>
Net profit (loss) before tax**	(352,976)	(2,385,165)	(17,686,003)	(124,788,900)
Net profit (loss) after tax**	(352,976)	(2,385,165)	(17,686,003)	(124,788,900)

\*\* based on the prevailing currency exchange rates at the time

As of 30 June 2024, the unaudited total assets and net assets of ONC were USD1,319,725,632 (equivalent to RMB9,369,920,015) and USD424,334,080 (equivalent to RMB3,012,729,535), respectively.

## **H. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee, comprising all the independent non-executive Directors, has been formed in accordance with Chapter 14A of the Listing Rules to advise the Independent Shareholders in respect of the Connected Agreements and the transactions contemplated thereunder.

In this connection, the Company has appointed Grand Moore to advise the Independent Board Committee and the Independent Shareholders in respect of the Connected Agreements and the transactions contemplated thereunder.

## **I. EGM**

The Independent Shareholders will consider and, if thought fit, approve, confirm and ratify the Connected Agreements and the transactions contemplated thereunder at the EGM.

Ms. Lim and her associates have material interests in the Connected Agreements and the transactions contemplated thereunder and will therefore be required to abstain from voting on the resolutions at the EGM. As at the date of this announcement, Ms. Lim is the de facto controller of Feng Yi Pte. Ltd., a 17% Shareholder, and therefore indirectly holds or controls the voting rights in respect of 17% of the issued shares of the Company. Save as aforementioned, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Shareholder has a material interest in the Connected Agreements and the transactions contemplated thereunder and therefore no other Shareholder is required to abstain from voting at the EGM for the relevant resolutions.

A circular containing, among other things, (i) further details of the Connected Agreements and the transactions contemplated thereunder; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from Grand Moore to the Independent Board Committee and the Independent Shareholders; (iv) other information as required under the Listing Rules; and (v) a notice convening the EGM, is expected to be despatched to the Shareholders on or around 22 November 2024.

## **J. CLOSURE OF REGISTER OF MEMBERS**

For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Wednesday, 4 December 2024 to Monday, 9 December 2024, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the EGM, all transfer documents of H shares accompanied by the relevant shares certificates must be lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong before 4:30 p.m. on Tuesday, 3 December 2024.

## **K. EXCHANGE RATES**

Pursuant to the DCM Shareholders Agreement, ONC Amendment Agreement and BBS Shareholders Agreement, unless otherwise specified, conversions of IDR to USD are based on the approximate exchange rate of USD1 to IDR15,757.3659, USD1 to IDR15,757.3659 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 = 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 at the relevant dates at the above rates or at any other rates at all.

## L. DEFINITIONS

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

“2025 Mutual Supply Framework Agreement”	the framework agreement entered into between the Company and HG on 28 October 2024, pursuant to which the HG Group and/or associates of HG (including certain Indonesian Entities) will supply nickel ore, nickel products and coal to the Group and provide equipment rental and certain administrative services to the Group; and the Group (excluding the Indonesian Entities) will supply production equipment and supplies, repair materials and raw and auxiliary materials to the HG Group and/or associates of HG (including certain Indonesian Entities)
“2025 GSP Stevedoring Framework Agreement”	the framework agreement entered into between the Company and GSP on 28 October 2024, pursuant to which the GSP Group will supply stevedoring services to the Group for the period from 1 January 2025 to 31 December 2027 (both days inclusive)
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Baoxin Special Steel”	Ningbo Baoxin Special Steel Technology Co., Ltd.* (寧波寶鑫特鋼科技有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“BBS”	PT Bhakti Bumi Sentosa (or such other name as may be agreed by the BBS Parties under the BBS Shareholders Agreement), a limited liability company to be established under the laws of Indonesia
“BBS Board of Commissioners”	board of commissioners of BBS
“BBS Board of Directors”	board of directors of BBS
“BBS General Meeting(s)”	the general meetings of BBS
“BBS Shares”	share(s) of BBS
“BBS Shareholders”	holder(s) of the share(s) of BBS from time to time
“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

“CKM Shareholders Agreement”	the shareholders’ agreement entered into between HBW and TBP on 17 May 2024 in relation to, among other things, the shareholding structure of shareholders as well as the composition of the board of directors and board of commissioners of PT Cipta Kemakmuran Mitra, a limited liability company established under the laws of Indonesia on 17 June 2024. For further details, please refer to the announcement of the Company dated 17 June 2024
“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 Agreements”	the Existing Mutual Supply Framework Agreement with the proposed revised annual cap, the 2025 Mutual Supply Framework Agreement, the DCM Shareholders Agreement, the ONC Amendment Agreement and the BBS Shareholders Agreement. For the avoidance of doubt, “Connected Agreements” does not include the 2025 GSP Stevedoring Framework Agreement
“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
“DCM”	PT Dharma Cipta Mulia, a limited liability company established under the laws of Indonesia and indirectly held as to 60% by the Company and a connected subsidiary of the Company
“DCM Board of Commissioners”	board of commissioners of DCM
“DCM Board of Directors”	board of directors of DCM
“DCM General Meeting(s)”	the general meetings of DCM
“DCM Shares”	share(s) of DCM
“DCM Shareholders”	holder(s) of the share(s) of DCM from time to time
“DCM Shareholders Agreement”	the shareholders’ agreement entered into between Ningbo Lygend IPM and TBP on 28 October 2024 in relation to, among others, the increase in capital commitment to DCM
“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
“EGM”	the extraordinary general meeting to be held by the Company on 9 December 2024 to consider and, if through fit, approve, confirm and ratify among other things, the Connected Agreements and the transactions contemplated thereunder
“Existing GSP Stevedoring Framework Agreement”	the framework agreement entered into between the Company and GSP on 31 May 2022 pursuant to which the GSP Group shall supply stevedoring services to the Group for the period from 1 December 2022 to 31 December 2024 (both days inclusive)
“Existing Mutual Supply Framework Agreement”	the framework agreement entered into between the Company and HG on 31 May 2022 pursuant to which the HG Group and/or associates of HG (including certain Indonesian Entities) shall supply nickel ore, nickel products and coal to the Group and provide equipment rental and certain administrative services to the Group; and the Group (excluding the Indonesian Entities) shall supply production equipment and supplies, repair materials and raw and auxiliary materials to the HG Group and/or associates of HG (including certain Indonesian Entities)
“Group”	the Company and its subsidiaries
“GSP”	PT Gema Selaras Perkasa, a limited liability company established under the laws of Indonesia
“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
“HBW”	Hong Kong Blue Whale International Ltd (香港藍鯨國際有限公司), a limited liability company incorporated under the laws of the Hong Kong and a wholly-owned subsidiary of the Company
“HG”	PT Harita Guna Dharma Bhakti, a limited liability company established under the laws of Indonesia and the ultimate parent entity of TBP controlled by family members of Ms. Lim
“HG Group”	HG and its subsidiaries

“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
“HJF”	PT Halmahera Jaya Feronikel, a limited liability company established under the laws of Indonesia and directly held as to 36.9% by the Company
“HPAL project”	a nickel product smelting project on the Obi Island, phases I-II of which are operated by HPL and phase III of which is operated by ONC
“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
“Independent Board Committee”	the independent committee of the Board, the members of which consist of the independent non-executive Directors, formed to advise all Independent Shareholders with respect to the Connected Agreements
“Independent Financial Adviser” or “Grand Moore”	Grand Moore Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on Corporate Finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the transactions contemplated under the Connected Agreements and the proposed annual caps thereof
“Independent Shareholders”	Shareholders other than the controlling shareholders of the Company and any other persons who are required to abstain from voting on resolutions to approve the transactions contemplated under the Connected Agreements at the EGM pursuant to the Listing Rules
“Independent Third Party(ies)”	any entity(ies) or person(s) who, to the best of the knowledge, information and belief of the Directors, is/are not a connected person(s) of the Company within the meaning ascribed thereto under the Listing Rules
“Indonesia”	the Republic of Indonesia

“Indonesian Entities”	subsidiaries of the Company from time to time which have TBP as a substantial shareholder, including HPL, KPS, ONC, OSS, and DCM, and are therefore connected subsidiaries of the Company
“Indonesian Laws”	any applicable national, provincial, local law and regulations which applicable in the territory of the Republic of Indonesia
“Indonesian Partner” or “TBP”	PT Trimegah Bangun Persada, a limited liability company established under the laws of Indonesia and a substantial shareholder of certain non-wholly owned subsidiaries of the Company, together with its associates
“JV Agreements”	the MJM Shareholders Agreement, the New MJM Shareholders Agreement, the CKM Shareholders Agreement, the DCM Shareholders Agreement, the ONC Amendment Agreement and the BBS Shareholders Agreement
“JV Companies”	MJM, CKM, DCM, ONC and BBS
“KPS”	PT Karunia Permai Sentosa, a limited liability company established under the laws of Indonesia and indirectly held as to 65% by the Company and a connected subsidiary of the Company, and held as to 35% by TBP
“Li Yuen”	Li Yuen Pte. Ltd., a limited liability company established under the laws of Singapore and is indirectly and solely held by Ms. Lim
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“LSJ”	PT Lima Srikandi Jaya, a limited liability company incorporated under the laws of Indonesia and ultimately controlled by family members of Ms. Lim
“Lygend New Power”	Lygend New Power (Hong Kong) Limited, a limited liability company established under the laws of Hong Kong and a wholly-owned subsidiary of the Company
“MJM”	PT Makmur Jaya Maritimindo, a limited liability company established under the laws of Indonesia on 9 March 2023
“MJM Shareholders Agreement”	the shareholders’ agreement entered into between HBW and LSJ on 30 May 2024 in relation to, among other things, the shareholding structure of shareholders as well as the composition of the board of directors and board of commissioners of MJM. For further details, please refer to the announcement of the Company dated 15 December 2023 and 22 December 2023
“Ms. Lim”	Ms. Lim Shu Hua, Cheryl, the de facto controller of Feng Yi Pte. Ltd., a 17% Shareholder of the Company

“New MJM Shareholders Agreement”	the shareholders’ agreement entered into between HBW and LSJ on 30 May 2024 in relation to, among other things, the shareholding structure of shareholders as well as the composition of the board of directors and board of commissioners of MJM. Please refer to the announcements of the Company dated 30 May 2024 and 5 June 2024 for further details
“Ningbo Lygend IPM”	Ningbo Lygend Industrial Park Management Co., Ltd., a limited liability company established under the laws of the PRC and a wholly-owned subsidiary of the Company
“Obi Island”	the largest island among a group of islands in the Indonesian province of North Maluku, the place where the Company’s HPAL project and RKEF project are located
“Obi projects”	HPAL project and RKEF project
“ONC”	PT OBI Nickel Cobalt, a limited liability company established under the laws of Indonesia and indirectly held as to 60% by the Company and a connected subsidiary of the Company
“ONC Amendment Agreement”	the agreement entered into between Lygend New Power, TBP and Li Yuen on 28 October 2024 to amend the terms of the ONC Shareholders Agreement
“ONC Shareholders Agreement”	the shareholders agreement entered into between Lygend New Power, TBP and Li Yuen on 10 November 2021 in relation to, among others, the shareholding structure as well as composition of the board of directors and board of commissioners of ONC
“OSS”	PT Obi Stainless Steel, a limited liability company established under the laws of Indonesia and indirectly held as to 65% by the Company and a connected subsidiary of the Company
“percentage ratio”	has the meaning ascribed to it under the Listing Rules
“PRC”	People’s Republic of China
“President Commissioner”	has the meaning ascribed to it under the articles of association of DCM, ONC and BBS, as the case may be
“President Director”	has the meaning ascribed to it under the articles of association of DCM, ONC and BBS, as the case may be
“Prospectus”	the prospectus of the Company dated 21 November 2022

“RKEF project”	a nickel product smelting project on the Obi Island, phase I of which is operated by HJF and phase II of which is operated by KPS
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time
“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, General Manager and  
Executive Director*

The PRC, 28 October 2024

*As at the date of this announcement, the executive Directors are Mr. CAI Jianyong, 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.*

\* *For identification purpose only*