

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Lygend Resources & Technology Co., Ltd.

宁波力勤资源科技股份有限公司

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

(Stock Code: 2245)

CONNECTED TRANSACTION NEW SHAREHOLDERS AGREEMENT IN RELATION TO THE JV COMPANY

INTRODUCTION

References are made to the announcements of the Company dated 15 December 2023 and 22 December 2023, in relation to among others, the entering into of the Original Shareholders Agreement between HBW, GRM, LSJ and TKJ to increase the authorized capital of the JV Company. Under the new policy of Indonesia enacted on 27 December 2023, for shipping companies which handle matters requiring government approval, such as vessel registration or obtaining permit for sea freight activities, their shareholders outside of Indonesia may only hold up to 49% of the shares, and the shareholder inside of Indonesia must be a single company with a minimum shareholding of 51%. In view of the JV Company's actual business development needs and plan for future development, it was necessary to re-adjust the shareholding structure of the JV Company and enter into the New Shareholders Agreement. All shareholders' obligations under the Original Shareholders Agreement have been fulfilled, and the New Shareholders Agreement will mainly focus on adjusting the shareholding structure as well as the composition of the board of directors and board of Commissioners of the JV Company.

The Board is pleased to announce that on 30 May 2024, HBW entered into the New Shareholders Agreement with LSJ.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, LSJ is owned as to 99.915% 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 LSJ, being a subsidiary of HJR, is a connected person of the Company.

Accordingly, the transaction contemplated under the New Shareholders Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the Parties are not required to inject any capital to the JV Company under the New Shareholders Agreement which was entered into in response to the change in Indonesia's domestic policy as to foreign ownership, and one or more of the applicable percentage ratios calculated with reference to Rule 14.07 of the Listing Rules in respect of the consideration for the transaction contemplated under the Original Shareholders Agreement is higher than 0.1% but less than 5%, the transaction is subject to reporting, annual review and announcement requirements but exempt from circular (including independent financial advice) and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

References are made to the announcements of the Company dated 15 December 2023 and 22 December 2023, in relation to among others, the entering into of the Original Shareholders Agreement between HBW, GRM, LSJ and TKJ to increase the authorized capital of the JV Company.

Under the new policy of Indonesia enacted on 27 December 2023, for shipping companies which handle matters requiring government approval, such as vessel registration or obtaining permit for sea freight activities, their shareholders outside of Indonesia may only hold up to 49% of the shares, and the shareholder inside of Indonesia must be a single company with a minimum shareholding of 51%. In view of the JV Company's actual business development needs and the plan for future development, it was necessary to re-adjust the shareholding structure of the JV Company and enter into the New Shareholders Agreement. All shareholders' obligations under the Original Shareholders Agreement have been fulfilled, and the New Shareholders Agreement will mainly focus on adjusting the shareholding structure as well as the composition of the board of directors and board of Commissioners of the JV Company.

The Board is pleased to announce that on 30 May 2024, HBW entered into the New Shareholders Agreement with LSJ. TKJ and GRM, being parties to the Original Shareholders Agreement, are not parties to the New Shareholders Agreement as each of TKJ and GRM has transferred all their respective shareholding in the JV Company to LSJ prior to the entering into of the New Shareholders Agreement.

PRINCIPAL TERMS OF THE NEW SHAREHOLDERS AGREEMENT

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

Date

30 May 2024

Parties

- (i) HBW; and
- (ii) LSJ (each a "**Party**", and collectively "**Parties**").

Change of shareholding structure

All shareholders' obligations under the Original Shareholders Agreement have been fulfilled, and HBW, GRM, LSJ and TKJ have all fully paid the required capital contribution as agreed under the Original Shareholders Agreement. The JV Company has completed the procedures for change of shareholders in Indonesia.

The New Shareholders Agreement will mainly focus on adjusting the shareholding structure as well as the composition of the board of directors and board of Commissioners of the JV Company.

Prior to the entering into of the New Shareholders Agreement, TKJ and GRM, both being third parties independent of the Company and its connected persons, have transferred their respective entire shareholding interest in the JV Company to LSJ and ceased to be JV Shareholders.

The shareholding structure of the JV Company under the Original Shareholders Agreement and the New Shareholders Agreement is set out as below:

JV Shareholders	The shareholding structure under the Original Shareholders Agreement			The shareholding structure under the New Shareholders Agreement		
	Amount of contribution (IDR)	Amount of contribution (RMB)	Shareholding percentage	Amount of contribution (IDR)	Amount of contribution (RMB)	Shareholding percentage
LSJ	20,925,000,000	9,687,500	31%	34,425,000,000	15,937,500	51%
TKJ	6,750,000,000	3,125,000	10%	N/A	N/A	N/A
GRM	6,750,000,000	3,125,000	10%	N/A	N/A	N/A
HBW	33,075,000,000	15,312,500	49%	33,075,000,000	15,312,500	49%
Total	<u>67,500,000,000</u>	<u>31,250,000</u>	<u>100%</u>	<u>67,500,000,000</u>	<u>31,250,000</u>	<u>100%</u>

As the Company is indirectly interested in 49% of the shares of the JV Company through HBW and the power of attorney entered into between HBW and TKJ on 15 December 2023, whereby TKJ granted HBW the power to act as its attorney to exercise its powers at General Meetings, ceased to be effective after TKJ ceased to be a shareholder of the JV Company, the financial results of the JV Company will not be consolidated into the consolidated financial statements of the Group.

Future funding

If the JV Company requires additional capital to maintain or expand its business, future funding of the JV Company shall be met by:

- (i) borrowings from financial institutions;
- (ii) borrowings from the JV Shareholders pro rata to their shareholdings in the JV Company;
- (iii) additional equity injection from the JV Shareholders by issuance of new shares, and the Parties must subscribe to the new shares pro rata to their shareholdings in the JV Company;
or
- (iv) bank financing or seller's credit, with corporate guarantee from the JV Shareholders to the banks in the same proportion as their respective shareholdings in the JV Company if necessary.

Board of directors

The board of directors of the JV Company shall consist of two members of whom one shall be the President Director. Each of HBW and LSJ shall have the right to appoint one JV Director, where one of them will be appointed as the President Director.

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

Board of Commissioners

The board of Commissioners of the JV Company shall consist of two members. Each of HBW and LSJ shall have the right to appoint one Commissioner, where one of them will be appointed as the President Commissioner.

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

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

Commissioners' reserved matters

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

- (i) borrowing or lending money on behalf of the JV Company for an amount exceeding USD50,000 or its equivalent and less than USD100,000 or its equivalent;
- (ii) purchasing immovable assets; and
- (iii) selling, transferring, releasing rights, or giving warrants on movable assets owned by the JV Company which are equal to or less than 50% of the JV Company's assets.

JV Shareholders' reserved matters

Approval of the JV Shareholders from the General Meeting attended by all JV Shareholders or JV Shareholders representing 50% of the issued shares of the JV Company with voting rights shall be obtained for the following actions:

- (i) increasing or reducing the share capital of the JV Company or issuing or allotting or repurchasing, reducing, redeeming, converting, canceling or otherwise reorganizing any share or other securities;

- (ii) selling and/or transferring and/or releasing of rights or granting a right of security over assets or properties of the JV Company, whether fixed assets or movable assets, in one accounting year, under one or several transactions (stand-alone or related transactions);
- (iii) conducting a merger, acquisition, or consolidation;
- (iv) authorization or payment of, or assumption of the obligation to pay or make, any dividends or distributions by the JV Company including the determination of the JV Company's dividend policy;
- (v) establishing a company or participating in other companies inside or outside of Indonesia;
- (vi) amending the JV Company's articles of association;
- (vii) making any material change in relation to the nature or scope of business of the JV Company, including introducing or discontinuing any field of activity, ceasing to conduct its business;
- (viii) proposing or resolving to dissolve and liquidate the JV Company or the filing of a petition for dissolution and liquidation of the JV Company or the making of any arrangement by the JV Company with creditors generally or any application for voluntary bankruptcy or suspension of payment in respect of the JV Company;
- (ix) creating any Encumbrance over the JV Company's assets or property outside of the ordinary course of day-to-day business;
- (x) appointing an auditor and approving the audited financial statements and annual report of the JV Company, its financial year, or principal accounting policies used;
- (xi) JV Company's initial public offering and registration to any stock exchange;
- (xii) conducting an action to create new Debt on behalf of the JV Company, including but not limited to obtaining new Debt facility from any Party, conducting a Debt restructuring, and/or issuing a Debt instrument in any kind or form;
- (xiii) entering into any agreement not on bona fide arm's length terms or any related party dealings of the JV Company, including transactions between the JV Company with any of the following entities: (1) the JV Shareholders; (2) the JV Directors or Commissioners; and/or (3) their Affiliates; and/or
- (xiv) 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.

Transfer of shares

If a JV Shareholder (the "**Selling Shareholder**") intends to sell any or all of its shares to a third party, the other JV Shareholders (the "**Remaining Shareholders**") have a right of first refusal over the shares proposed to be sold by the Selling Shareholder (the "**Sale Shares**"). If the Remaining Shareholders do not exercise the right of first refusal within 60 days from the transfer notice made by the Selling Shareholder (the "**Transfer Notice**"), the Selling Shareholder may sell the Sale Shares to a third party with the same terms and conditions on the Transfer Notice. The third party must enter into a deed of adherence, agreeing to be bound by the provisions of the New Shareholders Agreement.

Issuance of new shares

If the JV Company proposes to issue any new shares, the new shares shall be offered for subscription in the first instance to the JV Shareholders in proportion as nearly as practicable to their respective shareholding percentages in the JV Company. Each JV Shareholder shall have a minimum of 14 calendar days (the “**Acceptance Period**”) from the date of the JV Shareholders’ resolutions approving the issuance of such new shares, to agree in writing to accept the subscription of such new shares (the “**Acceptance Notice**”).

In the event any of the JV Shareholders fail to give the Acceptance Notice or notified their decision not to exercise their rights, the JV Company shall have such period of time thereafter as stipulated by the board of directors, but in any event no later than 60 days after the expiry of the Acceptance Period, to offer such new shares to a third party.

REASONS FOR AND BENEFITS OF THE NEW SHAREHOLDERS AGREEMENT

The JV Company was set up with a view to be involved in the sea freight activities sector business by obtaining a license and/or permit to run a vessels company in Indonesia. This will enable the Company to have the ability to transport raw materials, construction materials and products required for the Company’s OBI projects (as defined in the prospectus of the Company dated 21 November 2022 (the “**Prospectus**”)) within the territory of Indonesia. The self-owned vessels of the JV Company may help the Company reduce operating costs, ensure the continuity and flexibility of logistics and transportation, and better meet production and sales needs. In addition, the Company and PT Trimegah Bangun Persada (the “**Indonesian Partner**”) have collaborated on various projects, such as setting up joint ventures involved in the OBI projects, and the Company is of the view that strengthening the relationship with HJR, an investment holding company and the parent entity of the Indonesian Partner, is beneficial for the Group as a whole. For further details, please refer to the announcements of the Company dated 15 December 2023 and 22 December 2023.

In order for the Group to reap the benefits of setting up the JV Company, and having regard to the JV Company’s actual needs of business development needs and the plan for future development, the Company considered it necessary to respond to the change in Indonesia’s domestic policy as to foreign ownership by re-adjusting the shareholding structure of the JV Company and enter into the New Shareholders Agreement.

Considering the above, the Directors (including the independent non-executive Directors) believe that the terms of the New Shareholders Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable, have been entered into in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole.

DIRECTORS’ CONFIRMATION

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

INFORMATION ON THE GROUP

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

INFORMATION ON THE JV COMPANY

The JV Company is a company incorporated under the laws of Indonesia with limited liability on 9 March 2023, and was owned as to 31% by LSJ, 10% by TKJ, 10% by GRM and 49% by HBW prior to the entering of the New Shareholders Agreement. The JV Company has not commenced material business operations since its incorporation and is proposed to principally engage in sea freight activities sector business.

Set out below is the consolidated financial information of the JV Company for the period between 9 March 2023 and 31 March 2024:

	For the period between 9 March 2023 and 31 March 2024 (IDR)
Net profit (loss) before tax	(97,278,953)
Net profit (loss) after tax	(97,278,953)

As of 31 March 2024, the unaudited total assets and net assets of the JV Company were IDR67,417,490,209 and IDR67,402,721,047, respectively.

INFORMATION ON THE PARTIES

HBW is a company incorporated under the laws of Hong Kong with limited liability and is principally engaged in the business of vessel subleasing. As at the date of this announcement, HBW is a wholly-owned subsidiary of the Company.

LSJ is a company established under the laws of Indonesia and is principally engaged in the business of domestic sea transportation for specific goods. As at the date of the announcement, LSJ is held as to 0.085% by Mr. Lim Gunardi Hariyanto and as to 99.915% by HJR. HJR is ultimately controlled by family members of Ms. Lim.

HJR is an investment holding company and the parent entity of the Indonesian Partner. The Company and the Indonesian Partner have collaborated on various projects, such as setting up HPL (as defined in the Prospectus), the HPAL project (as defined in the Prospectus) and the RKEF project (as defined in the Prospectus).

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, LSJ is owned as to 99.915% 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 LSJ, being a subsidiary of HJR, is a connected person of the Company.

As the Parties are not required to inject any capital to the JV Company under the New Shareholders Agreement which was entered into in response to the change in Indonesia's domestic policy as to foreign ownership, and one or more of the applicable percentage ratios calculated with reference to Rule 14.07 of the Listing Rules in respect of the consideration for the transaction contemplated under the Original Shareholders Agreement is higher than 0.1% but less than 5%, the transaction is subject to reporting, annual review and announcement requirements but exempt from circular (including independent financial advice) and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Affiliates”	any entity which controls the Party, is controlled by the Party or is under the control of a person or entity which also ultimately controls the Party
“Board”	the board of Directors
“Commissioner(s)”	the commissioner(s) of the JV Company from time to time
“Company”	Lygend Resources & Technology Co., Ltd. (宁波力勤资源科技股份有限公司), a joint stock company incorporated in the PRC with limited liability, the H Shares of which are listed on the Stock Exchange (Stock Code: 2245)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“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

“General Meeting(s)”	the general meetings of the JV Shareholders
“GRM”	PT Gunung Rimba Makmur, a limited liability company incorporated under the laws of Indonesia
“Group”	the Company and its subsidiaries
“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
“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
“IDR”	Indonesian rupiah, the lawful currency of Indonesia
“Indonesia”	The Republic of Indonesia
“JV Company”	PT Makmur Jaya Maritimindo, a limited liability company established under the laws of Indonesia on 9 March 2023
“JV Director(s)”	the director(s) of the JV Company from time to time
“JV Shareholder(s)”	holder(s) of the share(s) of the JV Company from time to time
“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
“Ms. Lim”	Ms. Lim Shu Hua, Cheryl, the de facto controller of Feng Yi Pte. Ltd., a 17% Shareholder of the Company
“New 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 the JV Company
“Original Shareholders Agreement”	the shareholders’ agreement entered into among HBW, LSJ, TKJ and GRM on 15 December 2023, in relation to the proposed increase in authorized capital and capital contribution to the JV Company
“PRC”	the People’s Republic of China

“President Commissioner”	has the meaning ascribed to it under the articles of association of the JV Company
“President Director”	has the meaning ascribed to it under the articles of association of the JV Company
“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
“TKJ”	PT Teratai Kemakmuran Jayaraya, a limited liability company established under the laws of Indonesia
“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, 30 May 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.