

*The following is the text of a letter and valuation certificate, prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer for the purpose of incorporation in this prospectus, in connection with its valuation of the property interests held by the Group as at September 30, 2022.*



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November 21, 2022

The Board of Directors

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

10-11/F, Building C10, R&D Park,

Lane 299 Guanghua Road, Yinzhou District,

Ningbo City, Zhejiang Province, PRC

Dear Sirs,

In accordance with your instructions to value the property interests held by Lygend Resources & Technology Co., Ltd. (the "Company") and its subsidiaries (hereinafter together referred to as the "Group") in Indonesia, we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property interests as at September 30, 2022 (the "valuation date").

Our valuation is carried out on a market value basis. Market value is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion".

Due to the nature of the buildings and structures of the property and the particular location in which they are situated, there are unlikely to be relevant market comparable sales readily available. It has therefore been valued by cost approach with reference to their depreciated replacement cost.

Depreciated replacement cost is defined as "the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization." It is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement (reproduction) of the improvements, less deductions for physical deterioration and all relevant forms of obsolescence and optimization. The depreciated replacement cost of the property interest is subject to adequate potential profitability of the concerned business. In our valuation, it applies to the whole of the complex or development as a unique interest, and no piecemeal transaction of the complex or development is assumed.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their value.

In valuing the property interests, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation — Global Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of various title documents including Cooperation Agreement for the Use of Forest Areas and building licenses relating to the property interests and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interests in the Indonesia and any material encumbrance that might be attached to the property interests or any tenancy amendment. We have relied considerably on the advice given by the Company's Indonesia legal advisers — Imran Muntaz & Co., concerning the validity of the property interests in Indonesia.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

Unless otherwise stated, all monetary figures stated in this report are in United States Dollar (USD). The exchange rate adopted in our valuation is USD1 = IDR14,843 (Indonesian Rupiah) as at the valuation date.

We have inspected the exterior and where possible, the interior of the property. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but, in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the property are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

The site inspection was carried out on April 20-23, 2022 by Mr. Andi Saladin and Mr. Agus Prianto. Mr. Andi Saladin is a registered valuer of the Ministry of Finance of Republic of Indonesia and a certified member of the Indonesia Society of Appraisers (MAPPI) and has more than 26 years

of experience in the valuation of various properties in Indonesia. Mr. Agus Prianto is a registered valuer of the Ministry of Finance of Republic of Indonesia and a certified member of the Indonesia Society of Appraisers (MAPPI) and has more than 13 years of experience in the valuation of various properties in Indonesia.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also sought confirmation from the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

We are instructed to provide our opinion of values as per the valuation date only. It is based on economic, market and other conditions as they exist on, and information made available to us as of, the valuation date and we assume no obligation to update or otherwise revise these materials for events in the time since then. In particular, the outbreak of the Novel Coronavirus (COVID-19) since declared Global Pandemic on March 11, 2020 has caused much disruption to economic activities around the world.

As of the report date, Indonesia's economy is experiencing gradual recovery and it is anticipated that disruption to business activities will steadily reduce. We also note that market activity and market sentiment in these particular market sectors remain stable. However, we remain cautious due to uncertainty for the pace of global economic recovery in the midst of the outbreak which may have future impact on the real estate market. Therefore, we recommend that you keep the valuation of these properties under frequent review.

Our valuation certificate is attached below for your attention.

Yours faithfully,  
For and on behalf of  
**Jones Lang LaSalle Corporate Appraisal and Advisory Limited**  
**Gilbert C.H. Chan**  
*MRICS MHKIS RPS (GP)*  
*Senior Director*

*Note: Gilbert C.H. Chan is a Chartered Surveyor who has 28 years' experience in the valuation of properties in Hong Kong and 26 years of property valuation experience in the Asia-Pacific region.*

## VALUATION CERTIFICATE

<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at September 30, 2022 USD</u>
Industrial properties located in the Village of Kawasi, District of Obi, Sub District of South Halmahera, Province of North Maluku, Indonesia	<p>The property comprises completed portion and portion under construction of the property. The completed portion of the property comprises 27 buildings with a total gross floor area of approximately 170,891.14 sq.m., various ancillary buildings and structures erected thereon which were completed in various stages between 2019 to 2022.</p> <p>The buildings mainly include production facilities, warehouse, office and staff quarters.</p> <p>The structures mainly include road, boundary walls, shed and chimney.</p> <p>As at the valuation date, portion of the property was under construction scheduled to be completed and operated between November 2022 and July 2023. Upon completion, it will have a total gross floor area of approximately 145,427 sq.m. As advised by the Group, the construction cost of the construction in progress (“CIP”) of the property is estimated to be approximately USD177,498,000, of which approximately USD114,976,000 had been incurred up to the valuation date.</p> <p>The properties are located in the district of Obi Island. Obi Islands are a group of islands in the Indonesian province of North Maluku.</p> <p>The locality of the property is an industrial area with some large-scale factory complexes.</p> <p>The land use rights of the property have been leased to the Group for terms until the IPPKH license is expired and as long as the operational license owned by PT Halmahera Persada Lygend (“HPL”) still valid. (See note 2 and 3 below)</p>	As at the valuation date, the property was occupied by the Group for production, warehouse, office, staff quarters and ancillary purposes.	No commercial value (See note below)

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Notes:

1. HPL is a 54.9% owned subsidiary of the Company.
2. According to a translate copy of the Cooperation Agreement for the Use of Forest Areas No.9 dated August 11, 2020 between PT Trimegah Bangun Persada (“TBP”) and HPL, the part of forest area of approximately +562.53 hectares within IPPKH-1 area were given to be used by HPL for a term effective from August 11, 2020 and the validity period of this cooperation agreement will follow the period of license of IPPKH 1 (based on Decree of the Minister of Environment & Forestry of Republic of Indonesia No.SK.8/Menlhk/Setjen/PLA.0/1/2020 of an area of 1,600.98 hectares) and its extension if TBP extends.
3. According to the legal opinion dated February 14, 2022, pursuant to the Deed Cooperation Agreement for the Borrow and Use of Forest Area No.9 dated August 11, 2020, between TBP and HPL (“Agreement”), salient points are extracted below:
  - a. Scope of agreement: The purpose of this Agreement is to regulate the joint use of forest areas by TBP and HPL in TBP’s IPPKH areas, as follows:
    - Ministry of Forestry Decree Number SK.8/Menlhk/Setjen/PLA.0/1/2020 regarding Extension of Borrow and Use of Forest Area license for DMP Nickel Ore Operational Production Activities and Supporting Facilities in Convertible Production Forest Areas located at, South Halmahera District, North Maluku Province with the area of 1,600.98 Ha (one thousand six hundred point nine eight hectare) (“IPPKH-1”);
  - b. Period of Agreement: This Agreement is effective since the signing of this Agreement until the IPPKH license is expired and as long as the operational license owned by HPL is still valid;
  - c. Object of Agreement: Part of forest area in the IPPKH-1 area with the area of +-562.53 Ha (five hundred sixty two point five three hectare);
  - d. Rights of HPL: Occupy and management and carry out activities using the IPPKH-1 area including but not limited to the construction of processing facilities (smelters) and supporting facilities as well as other related activities;
  - e. Obligations of HPL:
    - Paying PNBP (“Payment of Non-Tax State Revenue”) for the use of forest areas proportionally according to the size of the forest area used at a rate in accordance with applicable laws and regulations;
    - Jointly with TBP, carry out the obligations stipulated in the IPPKH proportionally including carrying out environmental management and protection obligations as stipulated in the Environmental Impact Analysis (“AMDAL”) document as well as the TBP’s Environmental Management Plan and Environmental Monitoring Plan (“RKL-RPL”).
  - f. Choice of Law: Laws of Republic of Indonesia;
4. We have attributed no commercial value to the property due to the borrow-to-use land nature on which the buildings and structures erected on.

5. Pursuant to 10 Building Licenses (“IMB”) issued by the Regent of South Halmahera, HPL obtains the permits to construct new buildings with details set out as follows.

No	Certificate No.	Issuance		Building Function	Location
		Date	Usability		
1.	1111/IMB/IX/2019	September 11, 2019	Construct building	Beneficiation Plant Area Building	Desa Kawasi, Sub-District, District South Halmahera
2.	1112/IMB/IX/2019	September 11, 2019	Construct building	HPAL Smelter Area Building	Desa Kawasi, Sub-District, District South Halmahera
3.	1113/IMB/IX/2019	September 11, 2019	Auxiliary Building	Beneficiation Plant Area Building	Desa Kawasi, Sub-District, District South Halmahera
4.	1114/IMB/IX/2019	September 11, 2019	Construct building	Jetty Area Building	Desa Kawasi, Sub-District, District South Halmahera
5.	1115/IMB/IX/2019	September 11, 2019	Construct building	Area Coal Fired Power Plant Building	Desa Kawasi, Sub-District, District South Halmahera
6.	1116/IMB/IX/2019	September 11, 2019	Construct building	Mess Building	Desa Kawasi, Sub-District, District South Halmahera
7.	1117/IMB/IX/2019	September 11, 2019	Construct building	Acid Plant Building	Desa Kawasi, Sub-District, District South Halmahera
8.	68/IMB/IX/2020	September 25, 2020	Construct building	Residue Filtration Area Building	Desa Kawasi, Sub-District, District South Halmahera
9.	69/IMB/IX/2020	September 25, 2020	Construct building	Water Pump House Building	Desa Kawasi, Sub-District, District South Halmahera
10.	129/IMB/X/2021	October 13, 2021	Construct building	Telecommunication Tower Building	Desa Kawasi, Sub-District, District South Halmahera