Stock Code: **603799** Stock Name: Huayou Cobalt Announcement No.: **2023-172**
Convertible Bond Code: **113641** Convertible Bond Name: Huayou Convertible Bond

Zhejiang Huayou Cobalt Co., Ltd.

Announcement on the Cooperation Progress of Pomalaa Project among Ford Motor and PTVI

Project name: MHP HPAL project with annual output of 120,000 tons (amount of nickel metal) by PT Kolaka Nickel Indonesia

Recently, Huaqi Singapore, a wholly-owned subsidiary of the Company, received a feasibility study report on Pomalaa Mine Project FEL-3 issued by PTVI ("FEL-3 Study Report eFEL

PTVI will hold 73.2%, 8.5% and 18.3% equity in KNI, respectively. Within the agreed time period, Ford Motor will ultimately choose to participate in the HPAL Project by way of subscribing 8.5% or 17% of KNI's equity, and PTVI will have the right to exercise up to 30% of participation options in KNI. The ultimate equity structure of KNI will depend on the exercise of rights by all parties8O.004B004b13(Momp)10(( )-7s)18(ine)4(q(de)4(s,ie)3(throughc)4(i

I. Overview of the Investment

(I) Basic information

Recently, Huaqi (Singapore) Pte. Ltd. ("Huaqi Singapore"), a wholly-owned subsidiary of Zhejiang Huayou Cobalt Co., Ltd. (the "Company"), received the FEL-3 Study Report issued by PT Vale Indonesia Tbk ("PTVI"). The FEL-3 Study Report shows that Pomalaa Mine can support a HPAL project with annual output of 120,000 tons (the "Pomalaa Mine Project" or "HPAL Project"). Based on the FEL-3 Study Report, Huaqi Singapore intends to select the product of mixed nickel–cobalt hydroxide precipitates ("MHP") with annual output of 120,000 tons (amount of nickel metal).

Meanwhile, the Company intends, through Huaqi Singapore, to sign an *Amended and Restated Joint Venture Agreement* (the "Joint Venture Agreement") with PTVI, Ford Motor Company ("Ford Motor") and PT Kolaka Nickel Indonesia ("KNI" or the "Project Company"), and an *Amended and Restated Definitive Cooperation Agreement* ("Definitive Cooperation Agreement") with PTVI and KNI, to agree that the parties will joint construct the MHP HPAL Project with annual output of 120,000 tons (amount of nickel metal) in Indonesia, according to the HPAL Project Feasibility Study Report, the total investment amount of the project is approximately 3,842.152 million US dollars (excluding working capital investment, it is approximately $3,463.829 million). According to relevant provisions thereof, Ford Motor will first subscribe for 8.5% of the newly issued shares of KNI. Upon completion of the subscription, Huaqi Singapore, Ford Motor and PTVI will hold 73.2%, 8.5% and 18.3% equity in KNI, respectively. Within the agreed time period, Ford Motor will ultimately choose to participate in the HPAL Project by way of subscribing

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2. Date of establishment: July 25, 1968

3. Business scope: Mining, wholesale trade, transportation, power procurement, real estate, wastewater management, waste management, and recycling and remediation activities.

As of December 31, 2022, KNI had total assets of IDR 192,189 million, total liabilities of IDR 0, net assets of IDR 192,189 million, operating income of IDR 176million and net profit of IDR 176 million (audited).

7. Shareholders

Upon completion of the equity transfer, the equity structure of KNI will be as follows:

Shareholder	Before transfer	After transfer
	Shareholding ratio %	Shareholding ratio %
PT Vale Indonesia Tbk	20	18.3
Huaqi Singapore	80	73.2
Ford Motor	0	8.5
Total	100	100

1. Project site and project company

Project construction site: Kolaka districts in Southeast Sulawesi, Indonesia.

Project company: KNI.

2. Construction content and scale

The product of MHP with annual output of 120,000 tons (amount of nickel metal).

3. Project construction period

The project implementation period is approximately 36 months.

4. Total investment

According to the FEL-3 Study Report, the total investment in the HPAL Project will be approximately USD 3,842.152 million (excluding working capital investment, it is approximately $3,463.829 million).

5. Fund raising

The project will be funded by the fund from contributing shareholder of the Project Company and self-raised funds. As an important shareholder of the Project Company, Ford shall make reasonable efforts to arrange for external debt financing (target 70:30 debt-to-equity ratio) and seek to adopt project debt financing as a preferred financing mechanism, or if such financing cannot be arranged, it should arrange other forms of external debt or bridge financing as soon as possible.

(I) Joint Venture Agreement

for each 8.5% of the Project Company's shares held by it; Major Shareholders holding less than 60% of the shares will still have the right to nominate a total of seven supervisors.

If Ford Motor ultimately decides to hold 17% equity in KNI, the board of supervisors will have a maximum of seven supervisors, including a chairman (who shall be the supervisor nominated by Major Shareholders). The supervisors will be appointed by the shareholders' meeting as follows: as long as PTVI is a shareholder holding no less than 10% of the shares, it will have the right to nominate one supervisor; PTVI may nominate one additional supervisor for each 15% of the Project Company's shares held by it after the aforesaid 10%; each other shareholder will have the right to nominate one supervisor for each 15% of the Project Company's shares held by it; Major Shareholders holding less than 60% of the shares will still have the right to nominate a total of four supervisors.

3. Fund raising by the Project Company and obligation of capital contribution of the parties

1. Principle of exclusive sales and purchase of MHP products

Before the First Participation Right Completion Date, Huaqi Singapore and Ford Motor shall purchase from KNI all MHP in proportion to their Relative Percentage (defined in the Joint Venture Agreement, excluding PTVI). On or after the First Participation Right Completion Date, PTVI, Huaqi Singapore and Ford Motor shall purchase from KNI all MHP in proportion to their Relative Percentage (defined in the Joint Venture Agreement, including PTVI).

2. Specific arrangements for exclusive sales and purchase of MHP products

With respect to each *Offtake Agreement*, the parties agree that the terms and conditions of such *Offtake Agreement* and the statements contained therein may be amended, supplemented, restated or replaced only with the prior written approval of all other parties. However, provided that the proposed amendment will not affect the rights and obligations of any other offtaker under its *Offtake Agreement*, will not have any negative economic impact on KNI and will not provide any economic benefits to other relevant offtaker, such prior written approval of all other parties will not be required.

KNI shall ensure that the terms and conditions of any *Offtake Agreements*

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performance in 2023. It is uncertain whether it will have any impact on future business performance of the Company.

1. The Company needs to go through government approval/filing and/or other administrative procedures in China and Indonesia for the external investment, and it is uncertain whether they can be successfully completed.

2. The investment is an arrangement made by the Company in accordance with the medium and long-term development plan. It will take a long time in project construction, during which there are uncertainties in domestic and foreign markets, industrial policies and technology, and unforeseen factors or force majeure factors that may result in uncertainty in the realization of future operating benefits.

3. In the process of project investment and construction, financing, changes in credit policies, and smooth financing channels are uncertain to some extent, and there is a risk that the project may not be completed smoothly because funds cannot be raised on time.

4. There is great uncertainty in the future price trend of nickel-cobalt metal, and if the price of nickel-cobalt metal falls sharply in the future, it will result in significant uncertainty in the profitability of the project.

5. The agreements related to this transaction will be signed together with the approval of the competent authorities of all parties, and there is uncertainty about whether they can be approved.

6. The investment does not constitute a performance commitment. Please pay attention to investment risks.

It is hereby announced the above.

Board of Directors of Zhejiang Huayou Cobalt Co., Ltd.

December 4th, 2023