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Lygend Resources & Technology Co., Ltd.

宁波力勤资源科技股份有限公司

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

(Stock Code: 2245)

CONNECTED TRANSACTION IN RELATION TO THE EQUIPMENT PURCHASE AGREEMENT

EQUIPMENT PURCHASE AGREEMENT

The Board is pleased to announce that on 10 August 2023, KPS, a non-wholly owned subsidiary of the Company, has entered into the Equipment Purchase Agreement with Ningbo Lihua, pursuant to which KPS has agreed to purchase and Ningbo Lihua agreed to sell the Equipment at a consideration of US\$13,518,100.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, KPS is a non-wholly owned subsidiary of the Company. The Company indirectly holds 65% shareholding interest in KPS through Ningbo Baoxin Special Steel Technology Co., Ltd.* (寧波寶鑫特鋼科技有限公司), a wholly-owned subsidiary of the Company. The remaining shareholding interest of KPS is held as to 35% by the Indonesian Partner. HJR is the parent entity of the Indonesian Partner and is ultimately controlled by family members of Ms. Lim. Ms. Lim is the sole ultimate beneficial owner 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. Accordingly, HJR and the Indonesian Partner are associates of Ms. Lim and are connected persons of the Company pursuant to Rule 14A.07(4) of the Listing Rules. In addition, Ms. Lim's family members are deemed connected persons of the Company pursuant to Rule 14A.21 of the Listing Rules. Therefore, KPS 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 KPS.

As at the date of this announcement, Lygend Investment is a controlling shareholder of the Company, holding approximately 32.64% direct and indirect interest in the Company. As such, Lygend Investment is a connected person of the Company pursuant to Rule 14A.07(1) of the Listing Rules. Ningbo Lihua is held as to 51.0% by Lygend Investment, and is therefore an associate of Lygend Investment. As such, Ningbo Lihua is a connected person of the Company pursuant to Rule 14A.07(4) of the Listing Rules.

Accordingly, the transaction contemplated under the Equipment Purchase Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As 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 Equipment Purchase Agreement is higher than 0.1% but less than 5%, the transaction thereunder 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.

The Board is pleased to announcement that on 10 August 2023, KPS has entered into the Equipment Purchase Agreement with Ningbo Lihua.

EQUIPMENT PURCHASE AGREEMENT

The principal terms of the Equipment Purchase Agreement are set out as follows:

Date: 10 August 2023

Parties: (i) KPS as purchaser
(ii) Ningbo Lihua as vendor

Assets to be acquired: The Equipment comprises six sets of 40t-37/38m portal cranes.

The Equipment was manufactured by Ningbo Lihua with no original acquisition cost and valuation.

Performance Guarantee: Ningbo Lihua shall provide an irrevocable bank performance guarantee, being the Performance Guarantee, in favour of KPS, in an amount equal to 10% of the Consideration. The Performance Guarantee is valid until one month after the delivery of the Equipment.

Consideration: The consideration for the acquisition contemplated under the Equipment Purchase Agreement is US\$13,518,100. The consideration shall be paid by instalments as follows:

- (i) 10% shall be paid as advance payment within 15 days of receipt of the Performance Guarantee;
- (ii) 20% shall be paid within 15 days of receipt of documents relating to design and manufacturing of the Equipment;

- (iii) 40% shall be paid within 15 days of completion of manufacturing of the Equipment and receipt of documents relating to delivery of the Equipment;
- (iv) 20% shall be paid within 15 days of the receipt of an acceptance certificate for the delivery of the Equipment; and
- (v) 10% shall be paid as quality guarantee within 12 to 18 months of delivery and inspection of the Equipment.

The consideration shall be settled by telegraphic transfer.

The consideration was determined with reference to the prevailing market price of similar equipment sold by Independent Third Party vendors.

The Directors consider that the consideration under the Equipment Purchase Agreement is fair and reasonable. It is expected that the consideration would be funded by internal resources of KPS.

Delivery:

Pursuant to the Equipment Purchase Agreement, Ningbo Lihua shall deliver the first batch of three units of the Equipment no later than 30 September 2023, and the second batch of the three remaining units of the Equipment no later than 30 November 2023, to a designated port in Obi Island, Indonesia.

REASONS FOR AND BENEFITS OF ENTERING INTO THE EQUIPMENT PURCHASE AGREEMENT

In light of the need to promote business development of the Group by increasing cargo handling capacity and improving overall operating efficiency, the Group considered purchasing portal cranes to support its operations and invited Ningbo Lihua and other Independent Third Party vendors to submit tender for the sale of portal cranes. The Group considered various factors during the bidding process, including (i) the terms offered, (ii) pricing of the portal cranes and (iii) the quality of the portal cranes offered.

Having considered (i) the pricing of the Equipment offered by Ningbo Lihua are more favourable as compared with that of Independent Third Party vendors in this transaction; and (ii) the more favourable delivery time and relevant costs provided by Ningbo Lihua considering that the Equipment has to be delivered to Obi Island in Indonesia, the Group decided to purchase the Equipment from Ningbo Lihua as the terms offered by Ningbo Lihua are the most beneficial to the Group and can better satisfy the needs and demands of the Group.

Taking into consideration the above, the Directors (including the independent non-executive Directors) believe that the terms of the Equipment Purchase Agreement are fair and reasonable, the transaction under the Equipment Purchase Agreement is on normal commercial terms, has been entered into in the ordinary and usual course of business of the Company and is in the interests of the Company and its Shareholders as a whole.

DIRECTORS' CONFIRMATION

None of the Directors has any material interest in the Equipment Purchase 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 PARTIES INVOLVED

KPS is a limited liability company established under the laws of Indonesia and is principally engaged in the operation of phase II of the RKEF project. Please refer to the prospectus of the Company dated 21 November 2022 for further details. KPS is indirectly held as to 65% by the Company as at the date of this announcement.

Ningbo Lihua is a limited liability company established in the PRC and is principally engaged in the design, development, and manufacturing of port machinery and parts in the PRC. Ningbo Lihua is directly held as to (i) 51.0% by Lygend Investment, an investment holding company controlled by Mr. Cai Jianyong, one of the executive Directors; (ii) 34.0% by Xiangshan Bright Conveyor Co., Ltd.* (象山光明輸送機有限公司); and (iii) 15.0% by Ningbo Lihua Management Consulting Partnership (Limited Partnership)* (寧波勵華管理諮詢合夥企業(有限合夥)) as at the date of this announcement. As at the date of this announcement, the ultimate beneficial owners of (i) Xiangshan Bright Conveyor Co., Ltd.* (象山光明輸送機有限公司) are Ye Zaixian (葉再賢) and Ye Yinzhu (葉銀珠), who holds 91.59% and 8.41% equity interest of the aforementioned company, respectively; and (ii) Ningbo Lihua Management Consulting Partnership (Limited Partnership) (寧波勵華管理諮詢合夥企業(有限合夥)) are Ye Zaixian (葉再賢), Hu Zhidong (胡志東), Ge Zhilong (葛至隆), Ge Dongjin (葛冬晉) and Ye Yinzhu (葉銀珠), who holds 46.67%, 16.67%, 16.67%, 13.33% and 6.66% equity interest of the aforementioned company, respectively.

To the best of the Directors' knowledge, information and belief, and after making all reasonable enquiries, save for Lygend Investment, the ultimate beneficial owners of Ningbo Lihua are third parties independent of the Company and its connected person(s).

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, KPS is a non-wholly owned subsidiary of the Company. The Company indirectly holds 65% shareholding interest in KPS through Ningbo Baoxin Special Steel Technology Co., Ltd.* (寧波寶鑫特鋼科技有限公司), a wholly-owned subsidiary of the Company. The remaining shareholding interest of KPS is held as to 35% by the Indonesian Partner. HJR is the parent entity of the Indonesian Partner and is ultimately controlled by family members of Ms. Lim. Ms. Lim is the sole ultimate beneficial owner 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. Accordingly, HJR and the Indonesian Partner are associates of Ms. Lim and are connected persons of the Company pursuant to Rule 14A.07(4) of the Listing Rules. In addition, Ms. Lim's family members are deemed connected persons of the Company pursuant to Rule 14A.21 of the Listing Rules. Therefore, KPS 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 KPS.

As at the date of this announcement, Lygend Investment is a controlling shareholder of the Company, holding approximately 32.64% direct and indirect interest in the Company. As such, Lygend Investment is a connected person of the Company pursuant to Rule 14A.07(1) of the Listing Rules. Ningbo Lihua is held as to 51.0% by Lygend Investment and is therefore an associate of Lygend Investment. As such, Ningbo Lihua is a connected person of the Company pursuant to Rule 14A.07(4) of the Listing Rules.

Accordingly, the transaction contemplated under the Equipment Purchase Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As 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 Equipment Purchase Agreement is higher than 0.1% but less than 5%, the transaction thereunder 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:

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“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
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Equipment”	the equipment to be purchased by KPS from Ningbo Lihua under the Equipment Purchase Agreement which comprises six sets of 40t-37/38m portal cranes
“Equipment Purchase Agreement”	the equipment purchase agreement dated 10 August 2023 entered into between KPS (as purchaser) and Ningbo Lihua (as vendor) for the acquisition of the Equipment
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign shares in the share capital of the Company with a nominal value of RMB1.00 each, which are traded in Hong Kong dollars and listed on the Stock Exchange

“HJR”	PT Harita Jayaraya, a limited liability company established under the laws of Indonesia, the parent entity of the Indonesian Partner and ultimately controlled by family members of Ms. Lim
“Hong Kong”	the Hong Kong Special Administration Region of the PRC
“Independent Third Party(ies)”	a person(s) or company(ies) who or which, as far as the Directors are aware after having made all reasonable enquiries, is/are not connected with the Company and its connected persons
“Indonesian Partner”	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
“KPS”	PT Karunia Permai Sentosa, a limited liability company established under the laws of Indonesia on 26 November 2021, and indirectly held as to 65.0% by the Company and a connected subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Lygend Investment”	Zhejiang Lygend Investment Co., Ltd.* (浙江力勤投資有限公司), a limited liability company established in the PRC on 19 April 2010 controlled by Mr. Cai, and one of our controlling shareholders
“Ms. Lim”	Ms. Lim Shu Hua, Cheryl, a substantial Shareholder who indirectly holds 17% of the issued share capital of the Company
“Ningbo Lihua”	Ningbo Lihua Port Machinery Heavy Industry Co., Ltd.* (寧波力華港機重工有限公司), a limited liability company established in the PRC on 15 September 2021 and a connected person of the Company
“Performance Guarantee”	an irrevocable bank performance guarantee provided by Ningbo Lihua in favour of KPS, in an amount equal to 10% of the Consideration, pursuant to the Equipment Purchase Agreement
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules

“United States”	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
“US\$”	United States dollars, the lawful currency of the United States
“%”	per cent.

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

The PRC, 10 August 2023

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