THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Lygend Resources & Technology Co., Ltd.**, you should at once hand this circular to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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力勤资源
LYGEND RESOURCES

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) CONNECTED TRANSACTIONS IN RELATION TO PROVISION OF FINANCIAL ASSISTANCE TO A CONNECTED SUBSIDIARY AND (2) NOTICE OF EXTRAORDINARY GENERAL MEETING

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

中毅資本有限公司
Grand Moore Capital Limited

Capitalized terms used in this cover page have the same meanings as those defined in the section headed "Definitions" in this circular.

A letter from the Board is set out on pages 7 to 18 of this circular. The notice convening the EGM of the Company to be held at 10:00 am on 11 September 2025 at 10/F, Building C10, R&D Park, Lane 299, Guanghua Road, Yinzhou District, Ningbo City, Zhejiang Province, PRC is set out on pages 45 to 47 of this circular.

A form of proxy for use by the Shareholders at the EGM is enclosed with this circular. Whether or not you intend to attend the EGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions published thereon and deposit the same with the H share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 24 hours before the time appointed for holding the EGM (or any adjournment thereof). Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM (or any adjournment thereof) should you so wish. For the avoidance of doubt, holders of Treasury Shares, if any, shall abstain from voting at the Company's general meeting.

25 August 2025

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

"Articles of Association"	the articles of association of the Company, as amended from time to time
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Bank"	PT Bank Permata Tbk, a limited liability company established under the laws of Indonesia, whose shares are listed on the Indonesian Stock Exchange (stock code: BNLI). It is licensed and supervised by the Indonesian Financial Services Authority and Bank Indonesia
"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
"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
"connected subsidiary"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"Effective Time"	the time at and day on which HPL (as guarantor under the HPL Deed of Guarantee) and Baoxin Special Steel (as pledgor under the NBSS Share Pledge) (as the context may require) deliver to the Bank written confirmation and evidence that the necessary shareholder resolutions have been passed at the EGM approving the HPL Deed of Guarantee and the NBSS Share Pledge, respectively, and the transactions contemplated thereunder, as the context may require

"EGM"	the extraordinary general meeting to be held by the Company to consider and, if thought fit, approve, confirm and ratify among other things, the HPL Deed of Guarantee, the Lygend Deed of Guarantee, the NBSS Share Pledge and the transactions contemplated thereunder
"Facility Agreement"	the facility agreement entered between, among others, KPS (as borrower) and various banks and financial institutions (as lenders), including the Bank, on 3 July 2025 in relation to a term loan facility of up to USD741,000,000, as amended, novated, supplemented, extended or restated
"Finance Documents"	among other things, the Facility Agreement, the WCF Facility Agreement, the HPL Deed of Guarantee, the NBSS Share Pledge, the Lygend Deed of Guarantee and any other documents designated as such by the Bank (as facility agent and/or security agent) and an Obligor party to such documents
"Group"	the Company and its subsidiaries
"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
"H Share Shareholder(s)"	holder of H Share(s)
"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
"HJR"	PT Harita Jayaraya, a limited liability company established under the laws of Indonesia and ultimately controlled by family members of Ms. Lim
"HJR Deed of Guarantee"	the deed of corporate guarantee, indemnity and undertaking entered into between HJR (as guarantor) and the Bank (as security agent) on 14 August 2025, in relation to, among other things, the provision of a guarantee by HJR in favour of the Bank in respect of 35% of the Secured Liabilities

"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HPL"	PT Halmahera Persada Lygend, a limited liability company established under the laws of Indonesia directly and indirectly held as to 54.9% by the Company and held as to 45.1% by TBP, and a connected subsidiary of the Company
"HPL Deed of Guarantee"	the deed of corporate guarantee, indemnity and undertaking entered into between HPL (as guarantor) and the Bank (as security agent) on 14 August 2025, in relation to, among other things, the provision of a guarantee by HPL in favour of the Bank in respect of the Secured Liabilities
"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 HPL Deed of Guarantee, the NBSS Share Pledge and the transactions contemplated thereunder
"Independent Financial Adviser"	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 HPL Deed of Guarantee and the NBSS Share Pledge
"Independent Shareholders"	Shareholders other than Feng Yi Pte. Ltd. and any other persons who are required to abstain from voting on resolutions to approve the transactions contemplated under the HPL Deed of Guarantee and the NBSS Share Pledge at the EGM pursuant to the Listing Rules
"Indonesia"	the Republic of Indonesia

"KPS"	PT Karunia Permai Sentosa, a limited liability company established under the laws of Indonesia and a connected subsidiary of the Company. As at the Latest Practicable Date, KPS is indirectly held as to 65% by the Company through Baoxin Special Steel and as to 35% by TBP
"Latest Practicable Date"	21 August 2025, being the latest practicable date prior to the publication of this circular for the purpose of ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Lygend Deed of Guarantee"	the deed of corporate guarantee, indemnity and undertaking entered into between the Company (as guarantor) and the Bank (as security agent) on 20 August 2025, in relation to, among other things, the provision of a guarantee by the Company in favour of the Bank in respect of 65% of the Secured Liabilities
"Ms. Lim"	Ms. Lim Shu Hua, Cheryl, the de facto controller of Feng Yi Pte. Ltd., a 17% Shareholder of the Company
"NBSS Share Pledge"	the deed of shares pledge entered into between Baoxin Special Steel (as pledgor), the Bank (as pledgee) and KPS on 20 August 2025, in relation to, among other things, the pledging of the shares of Baoxin Special Steel in KPS
"Obi Island"	the largest island among a group of islands in the Indonesian province of North Maluku, the place where the Company's RKEF project is located
"Obligor(s)"	the obligors under the Finance Documents, namely KPS (as borrower), HPL (as guarantor), Baoxin Special Steel and TBP (as shareholders of KPS), HJR and the Company (as guarantors and sponsors)
"percentage ratio"	has the meaning ascribed to it under the Listing Rules
"PRC"	the People's Republic of China

"Project Support Undertaking"	the agreement entered into by, among others, Baoxin Special Steel and TBP on 20 August 2025, pursuant to which Baoxin Special Steel and TBP will, among other things, make certain equity contributions and/or extend subordinated loans to KPS to fund the KPS RKEF project if so requested by the Bank, in proportion to their respective equity interest in KPS
"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
"Secured Liabilities"	all present and future obligations and liabilities of each Obligor to any Secured Party under each Finance Document in relation to, among others, a term loan facility of up to USD741,000,000 under the Facility Agreement and a loan facility of up to USD150,000,000 under the WCF Facility Agreement
"Secured Party(ies)"	the secured parties under the Finance Documents
"SFO"	the 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
"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
"TBP Share Pledge"	the deed of shares pledge entered into between TBP (as pledgor), the Bank (as pledgee) and KPS on 14 August 2025, in relation to, among other things, the pledging of the shares of TBP in KPS
"Treasury Share(s)"	has the meaning ascribed to it under the Listing Rules

"Unlisted Share(s)"	comprising domestic shares of the Company, being ordinary share(s) issued by the Company and not listed on any stock exchange with a nominal value of RMB1.00 each, which are subscribed for and paid for in RMB by domestic investors
"Unlisted Share Shareholder(s)"	holder(s) of Unlisted Share(s)
"US$" or "USD"	United States Dollar, the lawful currency of the United States
"WCF Facility Agreement"	the facility agreement entered between, among others, KPS (as borrower) and various banks and financial institutions (as lenders), including the Bank, on 3 July 2025 in relation to a loan facility of up to USD150,000,000, as amended, novated, supplemented, extended or restated
"%"	per cent

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)

Executive Directors:
Mr. CAI Jianyong *(Chairman)*
Ms. FEI Feng
Mr. CAI Jianwei
Mr. WANG Ling

Non-executive Director:
Mr. Lawrence LUA Gek Pong

Employee Representative Director:
Mr. YU Weijun

Independent Non-executive Directors:
Dr. HE Wanpeng
Ms. ZHANG Zhengping
Dr. WANG James Jixian

Registered Office:
2/F, Mingchuang Building
No. 707 Tiantong South Road
Yinzhou District
Ningbo City, Zhejiang Province
PRC

Head office in the PRC:
10-11/F, Building C10
R&D Park, Lane 299
Guanghua Road Yinzhou District
Ningbo City, Zhejiang Province
PRC

Principal place of business in Hong Kong:
46/F, Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

25 August 2025

To the Shareholders

Dear Sir or Madam,

(1) CONNECTED TRANSACTIONS IN RELATION TO PROVISION OF FINANCIAL ASSISTANCE TO A CONNECTED SUBSIDIARY
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING

I. INTRODUCTION

Reference is made to the announcements of the Company dated 14 August 2025 and 20 August 2025 in relation to, among other things, the HPL Deed of Guarantee, the NBSS Share Pledge and the Lygend Deed of Guarantee.

The purpose of this circular is to provide you with information regarding, among other things, (i) further details of each of the HPL Deed of Guarantee, the NBSS Share Pledge, the Lygend Deed of Guarantee and the transactions contemplated thereunder; (ii) the recommendations made by the Independent Board Committee to the Independent Shareholders; (iii) the opinions of Grand Moore, the Independent Financial Adviser, to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of EGM, so that you can make informed decisions when you vote at the EGM on the resolutions proposed in connection with HPL Deed of Guarantee, the NBSS Share Pledge, the Lygend Deed of Guarantee and the transactions contemplated thereunder.

II. MATTERS TO BE RESOLVED AT THE EGM

Reference is made to the announcements of the Company dated 14 August 2025 and 20 August 2025. On 10 December 2024, a facility agreement entered into between, among others, KPS (as borrower) and various banks and financial institutions (as lenders), in relation to a term loan facility of up to USD250,000,000 (the "**Bridge Facility**"). On 3 July 2025, KPS entered into the Facility Agreement, pursuant to which the lenders have agreed to make available a term loan facility of up to USD741,000,000 for the purpose of, among others, refinancing the Bridge Facility, subject to the terms and conditions set out in the Facility Agreement. In addition, on 3 July 2025, KPS entered into the WCF Facility Agreement, pursuant to which the lenders have agreed to make available a loan facility of up to USD150,000,000 for the purpose of financing the working capital requirements of KPS, subject to the terms and conditions set out in the WCF Facility Agreement.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of the lenders is an Independent Third Party of the Group.

It is a condition to the Facility Agreement and the WCF Facility Agreement that, among other things, (i) the HPL Deed of Guarantee, (ii) the NBSS Share Pledge, (iii) the Lygend Deed of Guarantee and the transactions contemplated thereunder be entered into by the relevant parties to secure the full and punctual payment and performance of the relevant Secured Liabilities.

1. Provision of Financial Assistance by the Group to KPS

Facility Agreement

Date:

3 July 2025.

Parties:

(i) KPS;

(ii) the Bank, as the facility agent and common security agent; and

(iii) Bangkok Bank Public Company Limited, as the mandated lead arranger.

Facility:

The lenders have made available a term loan facility of up to USD741,000,000 to KPS for the purpose of, among others, refinancing the Bridge Facility and financing the development and construction of a large-scale ferronickel smelter project located on the Obi Island of Indonesia (the RKEF project).

Term of Facility:

Subject to the terms of the Facility Agreement, for a term being the earlier of (i) 84 months from the date of the Facility Agreement; or (ii) 60 months from the start of the project commercial operations date as defined in the Facility Agreement.

Interest:

The secured overnight financing rate and a margin of 2.70 per cent per annum.

WCF Facility Agreement

Date:

3 July 2025.

Parties:

(i) KPS;

(ii) the Bank, as the facility agent and common security agent; and

(iii) Bangkok Bank Public Company Limited, as the mandated lead arranger.

Facility:

The lenders have made available a term loan facility of up to USD150,000,000 to KPS for the purpose of financing working capital requirements of KPS.

Term of Facility:

Subject to the terms of the WCF Facility Agreement, for a term being the earlier of (i) 84 months from the date of the Facility Agreement; or (ii) 60 months from the start of the project commercial operations date as defined in the Facility Agreement.

Interest:

The secured overnight financing rate and a margin of 2.70 per cent per annum.

HPL Deed of Guarantee

On 14 August 2025, HPL and the Bank entered into the HPL Deed of Guarantee, in relation to, among other things, the provision of a guarantee by HPL in favour of the Bank in respect of the Secured Liabilities of USD891,000,000.

The principal terms of the HPL Deed of Guarantee are set out below:

Date:

14 August 2025.

Parties:

(i) HPL, as guarantor; and

(ii) the Bank, as security agent.

Guarantee and undertaking:

HPL has absolutely, irrevocably and unconditionally agreed to provide guarantees to the Bank for the due and punctual performance of the Secured Liabilities by KPS under the Finance Documents.

HPL has also undertaken to the Bank (for and on behalf of the Secured Parties) that each time KPS does not make payment of any amount of the Secured Liabilities when due under or in connection with any Finance Document, HPL must immediately upon receiving written demand by the Bank (for and on behalf of the Secured Parties) pay that amount as if it was the principal obligor.

Indemnity:

As a separate, additional, continuing and primary obligation, HPL has unconditionally and irrevocably undertaken in favour of the Bank (for and on behalf of the Secured Parties) that, should the Secured Liabilities not be recoverable from HPL under the guarantee described above for any reason then, notwithstanding that it may have been known to the Bank, HPL shall immediately upon written demand by the Bank, make payment of the relevant Secured Liabilities in the manner provided for in the Finance Documents, and HPL shall indemnify the Bank against all losses, claims, demands, penalties, actions, suits, damages, costs, charges and expenses and including legal costs on a full indemnity basis and liabilities whatsoever incurred or suffered by the Bank in

relation to (a) the Facility Agreement, the WCF Facility Agreement, the HPL Deed of Guarantee and/or the other Finance Documents and (b) by reason of any provision of the Finance Documents being or becoming void, unenforceable or otherwise invalid under any applicable law.

Effective period:

From the Effective Time to the date on which (i) no Obligor has any further actual or contingent obligation to make any payments to any of the Secured Parties under or pursuant to the terms of any of the Finance Documents and (ii) no Secured Party has any actual or contingent obligation or liability under or pursuant to the Finance Documents, or any of them, which will give rise to such an actual or contingent obligation of any Obligor.

NBSS Share Pledge

On 20 August 2025, Baoxin Special Steel, the Bank and KPS entered into the NBSS Share Pledge, in relation to, among other things, the pledging of its shares in KPS by Baoxin Special Steel in favour of the Bank in respect of the Secured Liabilities of USD891,000,000 of the Obligors under the Finance Documents.

The principal terms of the NBSS Share Pledge are set out below:

Date:

20 August 2025

Parties:

(i) Baoxin Special Steel, as pledgor;

(ii) the Bank, as pledgee; and

(iii) KPS.

Pledge:

In order to secure the full and punctual payment and performance of the Secured Liabilities by the Obligors, Baoxin Special Steel shall establish in favour of the Bank (for and on behalf of the Secured Parties) a first right of pledge on the shares (including any future shares) held by it in KPS. As at the Latest Practicable Date, Baoxin Special Steel held 65% of the shareholding interest in KPS.

Effective period:

From the Effective Time, the NBSS Share Pledge is a continuing right and security for payment in full to the Bank of all the Secured Liabilities and the NBSS Share Pledge shall not be terminated, and the security created shall not be regarded as discharged or satisfied, until the Secured Liabilities have been irrevocably and unconditionally paid and discharged in full.

Lygend Deed of Guarantee

On 20 August 2025, the Company and the Bank entered into the Lygend Deed of Guarantee in relation to, among other things, the provision of a guarantee by the Company in favour of the Bank in respect of 65% of the Secured Liabilities of KPS under the Finance Documents.

Date:

20 August 2025

Parties:

(i) the Company; and

(ii) the Bank, as the security agent

Guarantee and indemnity:

The Company has irrevocably and unconditionally agreed to provide guarantees to the Bank for the due and punctual performance of the Secured Liabilities by KPS under the Finance Documents.

The Company has also undertaken to the Secured Parties that whenever KPS does not make payment of any amount of the Secured Liabilities when due under and upon the occurrence of the trigger event as defined under the Lygend Deed of Guarantee, the Company must immediately upon demand pay 65% of that amount as if it was the principal obligor.

The Company has irrevocably and unconditionally agreed with the Secured Parties that if, for any reason (including unenforceability or illegality of any of the Secured Liabilities), any amount claimed is not recoverable on the basis of a guarantee as described above, the Company will, as an independent and primary obligation, indemnify Secured Parties on demand against any cost, loss or liability incurred as a result of KPS not paying any amount which would, but for such reason, have been payable by it on the date when it would have been due. The amount payable by the Company under the indemnity described above will not exceed the amount it would have had to pay if the amount claimed had been recoverable on the basis of a guarantee.

Effective Period:

From the Effective Time to the earlier of the date on which (a) all present and future obligations and liabilities owed to any Secured Party under or in connection with the Finance Documents, is fully discharged and (b) no Obligor has any further actual or contingent obligation to make any payments to any of the Secured Parties under or pursuant to the terms of any of the Finance Documents and no Secured Party has any actual or contingent obligation or liability under or pursuant to the Finance Documents, or any of them, which will give rise to such an actual or contingent obligation of any Obligor.

2. Financial Information of KPS

Set out below is a summary of the audited financial information of KPS for each of the financial years ended 31 December 2023 and 31 December 2024, respectively:

	For the financial year ended 31 December 2023 *(USD)*	**For the financial year ended 31 December 2024** *(USD)*
Revenue	/	/
Net profit (loss) after tax	(7,533,048)	(12,170,575)

	As at 31 December 2023 *(USD)*	**As at 31 December 2024** *(USD)*
Total assets	366,383,954	743,908,345
Net assets	48,145,344	378,150,498

3. Reasons for and Benefits of the Financial Assistance

KPS is a non-wholly owned subsidiary of the Company and is principally engaged in phase II of the RKEF project, one of our major pyrometallurgy projects. With the matured technology and refined management experience obtained from phase I of the RKEF project, the implementation of phase II of the RKEF project will further improve the overall production capability and profitability of the Group. The provision of credit support and/or securities pursuant to the HPL Deed of Guarantee, the NBSS Share Pledge and the Lygend Deed of Guarantee will help KPS raise funds to (i) support the construction of the eight remaining production lines while providing working capital for the four existing production lines which have commenced operations since early 2025, (ii) facilitate the completion of the overall project construction in a timely manner while meeting the operational needs of the existing projects, and (iii) support its project development and improve its production capability and profitability, contributing to the overall strategy layout of the Group.

The Board, having taken into account that (i) KPS has a net asset of approximately USD378.15 million as of 31 December 2024 which is insufficient to cover the total indebtedness (including the principal amount and interests to be accrued) which may be incurred under the Facility Agreement and the WCF Facility Agreement; (ii) the typical securities package provided in favour of banks for similar lending transactions in Indonesia; (iii) although KPS is operating a newly developed greenfield project which has yet to record profits in the past three financial years, four production lines have commenced operation since early 2025, and KPS itself has recorded revenue and operating cash flow since then; and (iv) it is a common practice of banks in Indonesia to request share pledges from borrowers' shareholders and the execution of NBSS Share Pledge is a condition to the Facility Agreement and the WCF Facility Agreement, the Board considered that the provision of the HPL Deed of Guarantee, the NBSS Share Pledge and the Lygend Deed of Guarantee in order to secure the loan facilities under the Facility Agreement and the WCF Facility Agreement is fair and reasonable.

In view of the above, the Board (excluding the independent non-executive Directors, whose views are set out in the letter from the Independent Board Committee) is of the view that the terms of the HPL Deed of Guarantee, the NBSS Share Pledge 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.

Further, the Board (including the independent non-executive Directors) is of the view that the transactions contemplated under the Lygend Deed of Guarantee are in the interests of the Company and the Shareholders as a whole.

4. Implications under the Listing Rules

As of the Latest Practicable Date, (i) HPL is a non-wholly owned subsidiary of the Company, directly and indirectly owned as to 54.9% by the Company; (ii) Baoxin Special Steel is a wholly-owned subsidiary of the Company; and (iii) KPS is a non-wholly owned subsidiary of the Company, indirectly owned as to 65% by the Company and held as to 35% 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. As Ms. Lim's family members are deemed connected persons of the Company pursuant to Rule 14A.21 of the Listing Rules, accordingly, HJR, and TBP, being a subsidiary of HJR, are each a connected person of the Company. Further, 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, KPS is a connected subsidiary of the Company pursuant to Rule 14A.16(1) of the Listing Rules.

Accordingly, the provision of financial assistance by the Group to KPS under each of the HPL Deed of Guarantee, the NBSS Share Pledge and the Lygend Deed of Guarantee constitutes connected transactions of the Company under Chapter 14A of the Listing Rules.

Provision of financial assistance to KPS under the HPL Deed of Guarantee and the NBSS Share Pledge

Pursuant to Rule 14A.81 of the Listing Rules, a series of connected transactions will be aggregated and treated as if they were one transaction if they were entered into or completed within a 12-month period or are otherwise related. As the transactions under the HPL Deed of Guarantee and the NBSS Share Pledge are proposed to be entered into within the same 12-month period and the financial assistance contemplated thereunder would be provided to the same connected subsidiary, they are aggregated and treated as if they were one transaction. As one or more of the applicable percentage ratios calculated on an aggregated basis exceeds 5%, the HPL Deed of Guarantee, the NBSS Share Pledge and the transactions contemplated thereunder are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As KPS is a subsidiary of the Company, the provision of financial assistance to KPS under the HPL Deed of Guarantee and the NBSS Share Pledge would not constitute notifiable transactions of the Company pursuant to Rule 14.04(1)(e)(ii) of the Listing Rules.

Provision of financial assistance to KPS under the Lygend Deed of Guarantee

As the Lygend Deed of Guarantee will be conducted on normal commercial terms or better and is in proportion to the equity interest directly held by the Company's subsidiary, it is fully exempt from the reporting, announcement, annual review and Independent Shareholders' approval requirements under Rule 14A.89 of the Listing Rules.

However, as the amount of a single guarantee under the Lygend Deed of Guarantee exceeded 10% of the Company's latest audited net assets, the Lygend Deed of Guarantee and the transactions contemplated thereunder will be subject to Shareholders' approval at the EGM, in accordance with Article 53(5) of the Articles of Association.

5. Directors' Confirmation

None of the Directors has any material interest in each of the HPL Deed of Guarantee, the NBSS Share Pledge, the Lygend Deed of Guarantee and the transactions contemplated thereunder, and hence no Director was required to abstain from voting on the relevant Board resolutions.

6. Information on the Group

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

7. Information on the Parties Involved

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 Latest Practicable Date, HPL is directly and indirectly held as to 54.9% by the Company and held as to 45.1% by TBP.

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. As at the Latest Practicable Date, KPS was indirectly held as to 65% by the Company through Baoxin Special Steel. The remaining shareholding interest of KPS was held as to 35% 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 Latest Practicable Date, Baoxin Special Steel is a wholly-owned subsidiary of the Company.

The Bank is a limited liability company established under the laws of Indonesia, whose shares are listed on the Indonesian Stock Exchange (stock code: BNLI). It is primarily engaged in the provision of banking services in Indonesia, and is licensed and supervised by the Indonesian Financial Services Authority and Bank Indonesia. To the best of the Director's knowledge, information and belief having made all reasonable enquiries, the Bank and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

III. EGM AND PROXY ARRANGEMENTS

The notice of the EGM is set out on pages 45 to 47 of this circular. The EGM will be held at 10:00 a.m. on 11 September 2025 at 10/F, Building C10, R&D Park, Lane 299, Guanghua Road, Yinzhou District, Ningbo City, Zhejiang Province, PRC, for the Shareholders to consider and, if thought fit, approve, amongst other things, the HPL Deed of Guarantee, the NBSS Share Pledge, the Lygend Deed of Guarantee and the transactions contemplated thereunder.

Ms. Lim and her associates have material interests in the HPL Deed of Guarantee, the NBSS Share Pledge, the Lygend Deed of Guarantee and the transactions contemplated thereunder, and will therefore be required to abstain from voting on the resolution at the EGM. As at the Latest Practicable Date, 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 HPL Deed of Guarantee, the NBSS Share Pledge, the Lygend Deed of Guarantee and the transactions contemplated thereunder and therefore no other Shareholder is required to abstain from voting at the EGM for the relevant resolutions.

A form of proxy for use by the Shareholders at the EGM is enclosed with this circular and published on the website of the Stock Exchange (www.hkexnews.hk). To be valid, the proxy form must be completed and signed in accordance with the instructions published thereon and return it to the Company's H share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, as soon as possible and in any event not less than 24 hours before the time appointed for the holding of the EGM (for the H Share Shareholders); or for the Unlisted Share Shareholders of the Company, to the business address of the Company in the PRC, at 10-11/F, Building C10, R&D Park, Lane 299, Guanghua Road, Yinzhou District, Ningbo City, Zhejiang Province, PRC not less than 24 hours before the time appointed for the holding of the EGM.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the Shareholders at a general meeting must be taken by poll. On a poll, every Shareholder present or by proxy or (being a corporation) by its duly authorised representative shall have one vote for each Share registered in his/her/its name in the register of members of the Company. A Shareholder entitled to more than one vote needs not use all his/her/its votes or cast all the votes in the same manner.

IV. 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 Monday, 8 September 2025 to Thursday, 11 September 2025, both days inclusive. During such period, no transfer of the Company's H Shares will be registered. H Share Shareholders whose names appear on register of members of H Shares of the Company on Thursday, 11 September 2025 will be entitled to attend the EGM. In order to be eligible to attend and vote at the EGM, H Share Shareholders whose transfers of Shares have not been registered shall deposit the transfer documents together with the relevant share certificates with the H share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 4:30 p.m. on Friday, 5 September 2025.

V. RECOMMENDATIONS

The Board (excluding the independent non-executive Directors, whose views are set out in the letter from the Independent Board Committee) considers that terms of each of the HPL Deed of Guarantee, the NBSS Share Pledge and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group, on normal commercial terms and are fair and reasonable, and the entering into each of the HPL Deed of Guarantee and the NBSS Share Pledge is in the interests of the Company and the Shareholders as a whole.

Accordingly, the Board (including the Independent Board Committee) recommends the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM in relation to the HPL Deed of Guarantee, the NBSS Share Pledge and the transactions contemplated thereunder.

Further, the Board (including the independent non-executive Directors) considers that the entering into the Lygend Deed of Guarantee is in the interests of the Company and the Shareholders as a whole.

Accordingly, the Board is of the view that the resolutions set out in the notice of the EGM are in the interests of the Company and the Shareholders as a whole and recommends that all Shareholders vote in favour of the relevant resolutions to be proposed at the EGM.

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

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)

25 August 2025

To the Independent Shareholders

Dear Sir or Madam,

(1) POSSIBLE CONNECTED TRANSACTIONS IN RELATION TO PROVISION OF FINANCIAL ASSISTANCE TO A CONNECTED SUBSIDIARY
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING

We refer to the circular dated 25 August 2025 issued by the Company to the Shareholders (the "**Circular**") of which this letter forms part. Unless the context otherwise requires, terms defined in the Circular shall have the same meanings when used herein.

We have been appointed by the Board to form the Independent Board Committee to consider and advise the Independent Shareholders as to whether each of the HPL Deed of Guarantee and the NBSS Share Pledge is entered into in the ordinary and usual course of business of the Group, and whether the terms of each of the HPL Deed of Guarantee, the NBSS Share Pledge and the transactions contemplated thereunder are normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Grand Moore has been appointed to act as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the HPL Deed of Guarantee, the NBSS Share Pledge and the transactions contemplated thereunder.

Your attention is also drawn to (i) the letter from the Board, as set out at pages 7 to 18 of the Circular; and (ii) the letter from Grand Moore to the Independent Board Committee and the Independent Shareholders which contains its recommendations and the principal factors taken into account in arriving at the recommendations in respect of the HPL Deed of Guarantee, the NBSS Share Pledge and the transactions contemplated thereunder, as set out at pages 21 to 35 of the Circular.

Having taken into account the terms of the HPL Deed of Guarantee and the NBSS Share Pledge and the advice from Grand Moore, we are of the opinion that the entering into of each of the HPL Deed of Guarantee and the NBSS Share Pledge is in the ordinary and usual course

of business of the Group, the terms of each of the HPL Deed of Guarantee and the NBSS Share Pledge and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable, and the entering into of each of the HPL Deed of Guarantee and the NBSS Share Pledge is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM in relation to the HPL Deed of Guarantee, the NBSS Share Pledge and the transactions contemplated thereunder.

Yours faithfully,
The Independent Board Committee of
Lygend Resources & Technology Co., Ltd.

HE Wanpeng	**ZHANG Zhengping**	**WANG James Jixian**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

The following is the full text of the letter from Grand Moore Capital Limited setting out the advice to the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the HPL Deed of Guarantee and the NBSS Share Pledge, which has been prepared for the purpose of inclusion in the Circular.

中毅資本有限公司
Grand Moore Capital Limited

21/F., No. 88 Lockhart Road,
Wan Chai, Hong Kong

25 August 2025

To the Independent Board Committee and the Independent Shareholders of Lygend Resources & Technology Co., Ltd.

Dear Sirs,

CONNECTED TRANSACTIONS
PROVISION OF FINANCIAL ASSISTANCE TO A CONNECTED SUBSIDIARY

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the HPL Deed of Guarantee and the NBSS Share Pledge, (the "**Transactions**" or the "**Financial Assistance**"), the details of which are set forth in the "Letter from the Board" (the "**Board Letter**") contained in the circular issued by the Company to the Shareholders dated 25 August 2025 (the "**Circular**"), of which this letter forms apart. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

On 10 December 2024, a facility agreement entered into between, among others, KPS (as borrower) and various banks and financial institutions (as lenders), in relation to the Bridge Facility of up to USD250,000,000.

On July 3, 2025, KPS entered into the Facility Agreement, pursuant to which the lenders have agreed to make available a term loan facility of up to USD741,000,000 for the purpose of, among others, refinancing the above-mentioned Bridge Facility, subject to the terms and conditions set out in the Facility Agreement. In addition, on July 3, 2025, KPS entered into the WCF Facility Agreement, pursuant to which the lenders have agreed to make available a loan facility of up to USD150,000,000 for the purpose of financing the working capital requirements of KPS, subject to the terms and conditions set out in the WCF Facility Agreement.

It is a condition to the Facility Agreement and the WCF Facility Agreement that, among other things, the HPL Deed of Guarantee and the NBSS Share Pledge be entered into by the relevant parties to secure the full and punctual payment and performance of the relevant Secured Liabilities.

PROVISION OF FINANCIAL ASSISTANCE BY THE GROUP TO KPS

On 14 August 2025, HPL and the Bank entered into the HPL Deed of Guarantee, in relation to, among other things, the provision of a guarantee by HPL in favour of the Bank in respect of the Secured Liabilities of KPS under the Finance Documents.

In addition, on 20 August 2025, the Company and the Bank entered into the Lygend Deed of Guarantee in relation to, among other things, the provision of a guarantee by the Company in favour of the Bank in respect of 65% of the Secured Liabilities of KPS under the Finance Documents.

Further, on 20 August 2025, Baoxin Special Steel, among other parties, entered into the Project Support Undertaking, pursuant to which it will, among other things, make additional equity contributions and/or extend subordinated loans to KPS to fund 65% of certain project costs of the KPS RKEF project if so requested by the Bank.

On 20 August 2025, Baoxin Special Steel, the Bank and KPS entered into the NBSS Share Pledge, in relation to, among other things, the pledging of its shares in KPS by Baoxin Special Steel in favour of the Bank in respect of the Secured Liabilities of the Obligors (including KPS) under the Finance Documents.

RECEIPT OF FINANCIAL ASSISTANCE BY THE GROUP FROM TBP AND HJR

On 14 August 2025, TBP, the Bank and KPS entered into the TBP Share Pledge, in relation to, among other things, the pledging of its shares in KPS by TBP in favour of the Bank in respect of the Secured Liabilities of the Obligors (including KPS) under the Finance Documents.

Further, on 20 August 2025, TBP, among other parties, entered into the Project Support Undertaking, pursuant to which it will, among other things, make additional equity contributions and/or extend subordinated loans to KPS to fund 35% of certain project costs of the KPS RKEF project if so requested by the Bank.

On 14 August 2025, HJR and the Bank entered into the HJR Deed of Guarantee in relation to, among other things, the provision of a guarantee by HJR in favour of the Bank in respect of 35% of the Secured Liabilities of KPS under the Finance Documents.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising Dr. HE Wanpeng, Ms. ZHANG Zhengping and Dr.WANG James Jixian, being all the independent non-executive Directors, has been established to advise the Independent Shareholders in respect of the Transactions. We, Grand Moore Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Transactions.

OUR INDEPENDENCE

As at the Latest Practicable Date, we were not connected with the Company, HPL, Baoxin Special Steel, KPS, TBP, HJR, their respective substantial Shareholders, Directors or chief executives, or any of their respective associates and accordingly, are considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders in respect of the Transactions.

In the past two years, we have not acted as any financial adviser role to the Company but we have acted as an independent financial adviser to the independent board committee and the independent shareholders of the Company in connection with (i) certain continuing connected transactions, the details of which are set out in the Company's circular dated 22 November 2024; and (ii) provision of financial assistance and receipt of financial assistance constituting connected transaction, the details of which are set out in the circular dated 26 December 2024 (the "**Previous Appointments**"). Save for the current engagement as the Independent Financial Adviser and the Previous Appointments, there was no other relationship and/or engagement between the Company and us in the past two years.

With regards to our independence from the Company, it is noted that (i) apart from normal professional fees paid or payable to us in connection with the current appointment and the Previous Appointments as the Independent Financial Adviser, no other arrangements exist whereby we had received or will receive any fees or benefits from the Company, its subsidiaries or their respective controlling Shareholders that could reasonably be regarded as relevant to our independence; and (ii) the aggregate professional fees paid or to be paid to us do not make up a significant portion of our revenue during the relevant period which would affect our independence. Accordingly, we consider that we are independent to act as the Independent Financial Adviser in respect of the Transactions pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the Company's annual report for year ended 31 December 2024 (the "**2024 Annual Report**"); (iii) other information provided by the Directors and/or the senior management of the Company (the "**Management**"); (iv) the opinions expressed by and the

representations of the Directors and the Management; and (v) our review of the relevant public information. We have assumed that all information and representations that have been provided by the Directors and the Management, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date, and should there be any material changes to our opinion after the Latest Practicable Date, Shareholders would be notified as soon as possible. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers, the Directors and/or the Management (where applicable), which have been provided to us. The Directors have confirmed that, to the best of their knowledge, they believe that no material fact or information has been omitted from the information supplied to us and that the representations made or opinions expressed have been arrived at after due and careful consideration and there are no other facts or representations the omission of which would make any statement in the Circular, including this letter, misleading.

We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Chapters 13 and 14A of the Listing Rules. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information, opinions or representations given or made by or on behalf of the Company, nor conducted any independent in-depth investigation into the business affairs, assets and liabilities or future prospects of the Company, HPL, Baoxin Special Steel, KPS, TBP, HJR, their respective subsidiaries or associates (if applicable) or any of the other parties involved in the Transactions, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Transactions. The Company has been separately advised by its own professional advisers with respect to the Transactions and the preparation of the Circular (other than this letter).

We have assumed that the Transactions will be consummated in accordance with the terms and conditions set forth in the Circular without any waiver, amendment, addition or delay of any terms or conditions. We have assumed that in connection with the receipt of all the necessary governmental, regulatory or other approvals and consents as required for the Transactions, no delay, limitation, condition or restriction will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived from the Transactions. In addition, our opinion is necessarily based on the financial, market, economic, industry-specific and other conditions as they existed on, and the information made available to us as at the Latest Practicable Date.

In the event of inconsistency, the English text of this letter shall prevail over the Chinese translation of this letter.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation in relation to the Transactions, we have taken into account the following principal factors and reasons:

1. Background Information of the Group

As per the 2024 Annual Report, the operating segments of the Group includes (i) nickel products trading; (ii) nickel products production; and (iii) the "others" segment comprises, the equipment manufacturing business. Set out below is the key consolidated financial information of the Group for the year ended 31 December 2023 and 2024 as extracted from the 2024 Annual Report.

	For the year ended 31 December	
	2023	**2024**
	RMB'000	*RMB'000*
Revenue	21,059,316	29,232,958
Gross Profit	3,381,965	5,352,458
Profit/(Loss) for the year	1,761,514	3,817,046

Revenue of the Group amounted to approximately RMB29,232,958,000 for the year ended 31 December 2024 which represents a increase of approximately RMB8,173,642,000, or approximately 38.8%, from approximately RMB$21,059,316,000 for the year ended 31 December 2023. The 2024 Annual Report carries on to explain that the increase in revenue was primarily due to (i) the increase in producing nickel-cobalt compounds from approximately RMB7,241,258,000 in 31 December 2023 to approximately RMB11,100,635,000 in 31 December 2024; and (ii) the increase in trading of ferronickel from approximately RMB8,035,189,000 in 31 December 2023 to approximately RMB12,143,422,000 in 31 December 2024.

Gross profit of the Group amounted to approximately RMB5,352,458,000 for the year ended 31 December 2024 which represents an increase of approximately RMB1,970,493,000, or approximately 58.3%, from approximately RMB3,381,965,000 for the year ended 31 December 2023. The gross profit margin increased from approximately 16.1% to 18.3% for the year ended 31 December 2023 and 2024, respectively. The increase in gross profit was mainly due to the aforesaid (i) the increase in producing nickel-cobalt compounds; (ii) an increase in the proportion of sales of low-gross-profit-margin trading of ferronickel; and (iii) the increase in sales volume also brought about economies of scale, which further enhanced overall production efficiency.

Net profit of the Group amounted to approximately RMB3,817,046,000 for the year ended 31 December 2024 which represents an increase of approximately RMB2,055,532,000, or approximately 116.7%, from a net profit of approximately RMB1,761,514,000 for the year

ended 31 December 2023. Such increase was mainly attributable to the aforesaid (i) the increase in producing nickel-cobalt compounds; (ii) an increase in the proportion of sales of low-gross-profit-margin trading of ferronickel.

Set out below are certain key consolidated financial information of the Group as extracted from the consolidated statement of financial position set out in the 2024 Annual Report.

	For the year ended 31 December	
	2023	**2024**
	RMB'000	*RMB'000*
Total assets	30,679,708	37,957,011
Total liabilities	17,194,358	20,274,435
Equity attributable to owners of the Company	9,185,546	10,758,904
Bank and cash balances	5,115,393	5,882,686

The total assets of the Group amounted to approximately RMB37,957,011,000 as at 31 December 2024, representing an increase of approximately RMB7,277,303,000 or approximately 23.7%, as compared to RMB30,679,708,000 as at 31 December 2023. The increase was primarily due to the increase in (i) property, plant and equipment, from approximately RMB16,970,830,000 as at 31 December 2023 to approximately RMB21,639,059,000 as at 31 December 2024; (ii) inventories, from approximately RMB2,188,712,000 as at 31 December 2023 to approximately RMB3,368,359,000 as at 31 December 2024; and (iii) trade and bills receivables, from approximately RMB1,022,951,000 as at 31 December 2023 to approximately RMB1,886,954,000 as at 31 December 2024.

The total liabilities of the Group amounted to approximately RMB20,274,435,000 as at 31 December 2024, representing an increase of approximately RMB3,080,077,000 or approximately 17.9%, as compared to RMB17,194,358,000 as at 31 December 2023. The increase was primarily due to the increase in (i) interest-bearing bank and other borrowings, from approximately RMB4,692,395,000 as at 31 December 2023 to approximately RMB7,882,268,000 as at 31 December 2024; (ii) due to related parties, from approximately RMB663,001,000 as at 31 December 2023 to RMB1,365,321,000 as at 31 December 2024; and (iii) deferred tax liabilities, from approximately RMB4,028,000 as at 31 December 2023 to approximately RMB408,977,000 as at 31 December 2024.

The Group's equity attributable to owners of the Company increased from approximately RMB9,185,546,000 as at 31 December 2023 to approximately RMB10,758,904,000 as at 31 December 2024, representing an increase of approximately RMB1,573,358,000 or approximately 17.1%. The bank and cash balances of the Group amounted to approximately RMB5,882,686,000 as at 31 December 2024, representing an increase of approximately RMB767,293,000 or 15.0% as compared to approximately RMB5,115,393,000 as at 31 December 2023.

2. Facility Agreement and WCF Facility Agreement

As stated in the Board Letter, on July 3, 2025, KPS entered into the Facility Agreement, pursuant to which the lenders have agreed to make available a term loan facility of up to USD741,000,000 for the purpose of, among others, refinancing the Bridge Facility, subject to the terms and conditions set out in the Facility Agreement. In addition, on July 3, 2025, KPS entered into the WCF Facility Agreement, pursuant to which the lenders have agreed to make available a loan facility of up to USD150,000,000 for the purpose of financing the working capital requirements of KPS, subject to the terms and conditions set out in the WCF Facility Agreement.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of the lenders is an Independent Third Party of the Group.

It is a condition to the Facility Agreement and the WCF Facility Agreement that, among other things, the HPL Deed of Guarantee and the NBSS Share Pledge be entered into by the relevant parties to secure the full and punctual payment and performance of the relevant Secured Liabilities.

Principal terms of the Facility Agreement

Date

3 July 2025

Parties

(1) KPS;

(2) the Bank, as the facility agent and common security agent; and

(3) Bangkok Bank Public Company Limited, as the mandated lead arranger.

Facility

The lenders have made available a term loan facility of up to USD741,000,000 to KPS for the purpose of, among others, refinancing the Bridge Facility and financing the development and construction of a large-scale ferronickel smelter project located on the Obi Island of Indonesia (the RKEF project).

Term of Facility

Subject to the terms of the Facility Agreement, for a term being the earlier of (i) 84 months from the date of the Facility Agreement; or (ii) 60 months from the start of the project commercial operations date as defined in the Facility Agreement.

Interest

The secured overnight financing rate and a margin of 2.70 per cent per annum.

Principal terms of the WCF Facility Agreement

Date

3 July 2025

Parties

(1) KPS;

(2) the Bank, as the facility agent and common security agent; and

(3) Bangkok Bank Public Company Limited, as the mandated lead arranger.

Facility

The lenders have made available a term loan facility of up to USD150,000,000 to KPS for the purpose of financing working capital requirements of KPS.

Term of Facility

Subject to the terms of the WCF Facility Agreement, for a term being the earlier of (i) 84 months from the date of the Facility Agreement; or (ii) 60 months from the start of the project commercial operations date as defined in the Facility Agreement.

Interest

The secured overnight financing rate and a margin of 2.70 per cent per annum.

3. Provision of Financial Assistance by the Group to KPS

3.1 HPL Deed of Guarantee

On 14 August 2025, HPL and the Bank entered into the HPL Deed of Guarantee, in relation to, among other things, the provision of a guarantee by HPL in favour of the Banks in respect of the Secured Liabilities of USD891,000,000.

The principal terms of the HPL Deed of Guarantee are set out below:

Date

14 August 2025

Parties

(1) HPL, as guarantor; and

(2) the Bank, as security agent.

Guarantee and undertaking:

HPL has absolutely, irrevocably and unconditionally agreed to provide guarantees to the Bank for the due and punctual performance of the Secured Liabilities by KPS under the Finance Documents.

HPL has also undertaken to the Bank (for and on behalf of the Secured Parties) that each time KPS does not make payment of any amount of the Secured Liabilities when due under or in connection with any Finance Document, HPL must immediately upon receiving written demand by the Bank (for and on behalf of the Secured Parties) pay that amount as if it was the principal obligor.

Indemnity:

As a separate, additional, continuing and primary obligation, HPL has unconditionally and irrevocably undertaken in favour of the Bank (for and on behalf of the Secured Parties) that, should the Secured Liabilities not be recoverable from HPL under the guarantee described above for any reason then, notwithstanding that it may have been known to the Bank, HPL shall immediately upon written demand by the Bank, make payment of the relevant Secured Liabilities in the manner provided for in the Finance Documents, and HPL shall indemnify the Bank against all losses, claims, demands, penalties, actions, suits, damages, costs, charges and expenses and including legal costs on a full indemnity basis and liabilities whatsoever incurred or suffered by the Bank in relation to (a) the Facility Agreement, the WCF Facility Agreement, the HPL Deed of Guarantee and/or the other Finance Documents and (b) by reason of any provision of the Finance Documents being or becoming void, unenforceable or otherwise invalid under any applicable law.

Effective period:

From the Effective Time to the date on which (i) no Obligor has any further actual or contingent obligation to make any payments to any of the Secured Parties under or pursuant to the terms of any of the Finance Documents and (ii) no Secured Party has any actual or contingent obligation or liability under or pursuant to the Finance Documents, or any of them, which will give rise to such an actual or contingent obligation of any Obligor.

3.2 NBSS Share Pledge

On 20 August 2025, Baoxin Special Steel, the Bank and KPS entered into the NBSS Share Pledge, in relation to, among other things, the pledging of its shares in KPS by Baoxin Special Steel in favour of the Bank in respect of the Secured Liabilities of USD891,000,000 of the Obligors under the Finance Documents.

The principal terms of the NBSS Share Pledge are set out below:

Date

20 August 2025

Parties

(1) Baoxin Special Steel, as pledgor;

(2) the Bank, as pledgee; and

(3) KPS

Pledge:

In order to secure the full and punctual payment and performance of the Secured Liabilities by the Obligors, Baoxin Special Steel shall establish in favour of the Bank (for and on behalf of the Secured Parties) a first right of pledge on the shares (including any future shares) held by it in KPS. As at the Latest Practicable Date, Baoxin Special Steel held 65% of the shareholding interest in KPS.

Effective period:

From the Effective Time, the NBSS Share Pledge is a continuing right and security for payment in full to the Bank of all the Secured Liabilities and the NBSS Share Pledge shall not be terminated, and the security created shall not be regarded as discharged or satisfied, until the Secured Liabilities have been irrevocably and unconditionally paid and discharged in full.

3.3 Reasons for and Benefits of the Financial Assistance

KPS is a non-wholly owned subsidiary of the Company and is principally engaged in phase II of the RKEF project, one of the Group's major pyrometallurgy projects. With the matured technology and refined management experience obtained from phase I of the RKEF project, the implementation of phase II of the RKEF project will further improve the overall production capability and profitability of the Group. The provision of credit support and/or securities pursuant to the HPL Deed of Guarantee, the NBSS Share Pledge and the Lygend Deed of Guarantee will help KPS raise funds to (i) support the construction of the eight remaining production lines while providing working capital for the four existing production lines which have commenced operations since early 2025, (ii) facilitate the completion of the overall project construction in a timely manner while meeting the operational needs of the existing projects, and (iii) support its project development and improve its production capability and profitability, contributing to the overall strategy layout of the Group.

The Board, having taken into account that (i) KPS has a net asset of approximately USD378.15 million as of 31 December 2024 which is insufficient to cover the total indebtedness (including the principal amount and interests to be accrued) which may be incurred under the Facility Agreement and the WCF Facility Agreement; (ii) the typical securities package provided in favour of banks for similar lending transactions in Indonesia; (iii) although KPS is operating a newly developed greenfield project which has yet to record profits in the past three financial years, four production lines have commenced operation since early 2025, and KPS itself has recorded revenue and operating cash flow since then.; and (iv) it is a common practice of banks in Indonesia to request share pledges from borrowers' shareholders and the execution of NBSS Share Pledge is a condition to the Facility Agreement and the WCF Facility Agreement, the Board considered that the provision of the HPL Deed of Guarantee and the NBSS Share Pledge in order to secure the loan facilities under the Facility Agreement and the WCF Facility Agreement is fair and reasonable.

In view of the above, the Board is of the view that the terms of the HPL Deed of Guarantee, the NBSS Share Pledge 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.

3.4 Financial Information of KPS

Set out below is a summary of the audited financial information of the KPS for the two financial years ended 31 December 2023 and 31 December 2024, respectively:

	For the financial year ended 31 December 2023 *(USD)*	**For the financial year ended 31 December 2024** *(USD)*
Revenue	/	/
Net profit (loss) after tax	(7,533,048)	(12,170,575)

	As at 31 December 2023 *(USD)*	**As at 31 December 2024** *(USD)*
Total assets	366,383,954	743,908,345
Net assets	48,145,344	78,150,498

3.5 Our Analysis

3.5.1 our view on the reasonableness of Financial Assistance

The Group produces ferronickel using the Rotary Kiln-Electric Furnace process, the mainstream process for nickel pyrometallurgy. HJF is the project company of phase I of the RKEF project, while KPS is the project company of phase II of the RKEF project.

As disclosed in the 2024 Annual Report, revenue from ferronickel trading and ferronickel production amounted to approximately RMB12.1 billion and RMB1.3 billion respectively, representing approximately 41.5% and 4.5% of the revenue of the Group for the year ended 31 December 2024, respectively. We also note from the 2024 Annual Report that phase I of the RKEF project operated by HJF reached full capacity and maintained a steady production pace during the year ended 31 December 2024, leading to growth in the Group's revenue, gross profit and net profit in the year ended 31 December 2024 as compared to the year ended 31 December 2023. The Management also advised that, phase II of the RKEF project operated by KPS has commenced operation since early 2025, and KPS has generated revenue and operating cash inflow in the first half of 2025. With the matured technology and refined management experience of the Group obtained from phase I of the RKEF project, the implementation of phase II of the RKEF project, which has commenced operation of four production lines and generated cash inflow and revenue, is expected to achieve full production by the end of the year 2026, will further improve the overall production capability and profitability of the Group.

KPS is an 65% non-wholly owned subsidiary of the Company. Accordingly, we are of the view that the RKEF project is an important project of the Group, and the development and operation of KPS is important to the Group's overall profitability.

The purpose of entering into the HPL Deed of Guarantee and the NBSS Share Pledge is solely to support KPS to obtain (i) term loan facility of up to USD741,000,000 pursuant to the Facility Agreement, which will be applied refinancing the Bridge Facility (USD250,000,000) and financing the construction, commissioning and completion of, phase II of the RKEF project operated by KPS (up to USD491,000,000 ("**Facility for KPS CAPEX**"); and (ii) term loan facility of up to USD150,000,000 pursuant to the WCF Facility Agreement which will be applied for financing the working capital requirements of KPS.

For due diligence purpose, we enquired the Management and reviewed the expected capital expenditure of KPS in the second half of the year 2025 and the year 2026, and understand that, four production lines of phase II of the RKEF project operated by KPS has commenced operation since early 2025, while the remaining eight production lines are still under construction. The capital expenditure of KPS for equipment procurement and construction of the remaining eight production lines will still be significant in the rest of 2025 and the year 2026, and the Facility for KPS CAPEX is sufficient to cover the expected monetary amount demanded for capital expenditure of KPS in the rest of 2025 and the year 2026 with certain buffer.

We reviewed the terms of the WCF Facility Agreement and understand that the purpose of utilization of the facility under the WCF Facility Agreement is only for financing KPS' working capital requirements, and when KPS utilizes the facility under the WCF Facility Agreement, it has to confirm that all amounts borrowed under such utilization shall be applied for the purpose of financing KPS' working capital requirements. As disclosed in the 2024 Annual Report, the HJF project, which is phase I of the RKEF project, in which the Company holds equity interests, has already reached full production capacity, and has contributed to the revenue and net profit of the Group. In particular, the net profit attributable to shareholders of the Company was RMB1,773.2 million in the year 2024, representing an increase of 68.7% as compared with the year 2023, which was mainly due to the release of the production capacity of phase I of the RKEF project as well as phase III of the nickel ore hydrometallurgy project (the HPAL project). Given the importance of the RKEF project to the Group's development and current and future profitability, working capital is essential for KPS's daily operation, in particular, operation commenced only from early 2025 and it takes time for KPS to reach full production capacity and generate sufficient cash inflow for its own perusal.

Given the importance of the RKEF project to the Group's operation and profitability, we consider that the entering into of the HPL Deed of Guarantee and the NBSS Share Pledge to facilitate the Facility Agreement and the WCF Facility Agreement is conducted in the ordinary and usual course of the business of the Group, and is in the interest of the Company and the Shareholders as a whole.

3.5.2 Our view on the terms of the principal terms of the HPL Deed of Guarantee, the NBSS Share Pledge

In order to secure the full and punctual payment and performance of the Secured Liabilities by the Obligors, each of NBSS and TBP has established in favour of the Bank (for and on behalf of the Secured Parties) a first right of pledge on the shares (including any future shares) held by each of NBSS and TBP in KPS. Accordingly, all KPS shareholders has pledged their respective shares in KPS to the Bank. We enquired the Management the reason for entering into the NBSS Share Pledge and the TBP Share Pledge in addition to the HPL Deed of Guarantee (which has already provided absolute guarantees to the Bank for the due and punctual performance of the Secured Liabilities) and were advised that it is a common practice of banks in Indonesia to request share pledge from borrowers' shareholders and it is understood and accepted by the Management. We have enquired and obtained the latest unaudited cash balance, current assets balance and net current assets balance of HPL as at 30 June 2025, and note that all the aforementioned figures amount to a considerable percentage of the maximum exposure of HPL of USD891 million pursuant to the HPL Deed of Guarantee. On the other hand, (i) four production lines of phase II of the RKEF project operated by KPS has commenced operation since early 2025, and KPS itself has recorded revenue and operating cash inflow since then; and (ii) full production capacity of phase II of the RKEF project is expected by the end of 2026 resulting in further revenue and operating cash inflow. Accordingly, we are in the opinion that, taking into account (i) KPS' operation has commenced and has been creating revenue and operating cash inflow to repay interest to be incurred under the Facility Agreement and the WCF Facility Agreement; (ii) other than HPL Deed of Guarantee, the Lygend Deed of Guarantee and the HJR Deed of Guarantee have been in place to provide extra security to the full and punctual payment and performance of the Secured Liabilities; and (iii) the maximum amount of Facility for KPS CAPEX of USD491 million might not be drawn down in its entirety and in one go, HPL's financial position is not insufficient to discharge the obligation under the Secured Liabilities in the event of late payment/default, and the risk of transferring the equity interest of KPS to the Bank pursuant to the NBSS Share Pledge and TBP Share Pledge is believed to be remote.

We discussed with the Management and understand that after arms' length negotiation with the Bank, absolute guarantee provided by HPL, being a fellow subsidiary of KPS (but not the shareholder of KPS), is acceptable to the Bank. Pursuant to the HPL Deed of Guarantee, HPL will provide absolute guarantee for the loan to KPS under the Facility Agreement and the WCF Facility Agreement. As HPL is indirectly owned as to 54.9% by the Company and 45.1% by TBP, while the KPS (being the subject borrower) is indirectly owned as to 65% by the Company and 35% by TBP, the absolute guarantee to be provided by HPL creates comparatively less exposure to the Group in the event of default of the Secured Liabilities, which is beneficial to the Group.

Given the above, we consider the terms of the HPL Deed of Guarantee and the NBSS Share Pledge to be fair and reasonable.

4. Information of the Group and the parties involved under the HPL Deed of Guarantee and the NBSS Share Pledge

Please refer to the Board Letter.

5. Conclusion

Having considered the analysis in sections 3.5.1 and 3.5.2 above, we are of the opinion that (i) the entering into of the HPL Deed of Guarantee and the NBSS Share Pledge is on normal commercial terms and in the interests of the Company and the Shareholders as a whole; and (ii) the terms of HPL Deed of Guarantee and the NBSS Share Pledge are on normal commercial terms and are fair and reasonable so far as the Company and the Shareholders as a whole.

OPINION AND RECOMMENDATION

Having considered the principal factors and reasons discussed above, we are of the view that the HPL Deed of Guarantee and the NBSS Share Pledge and the transactions contemplated thereunder are in the ordinary and usual course of business, are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Therefore, we would recommend (i) the Independent Board Committee to advise the Independent Shareholders; and (ii) the Independent Shareholders, to vote in favor of the ordinary resolution(s) to approve the HPL Deed of Guarantee and the NBSS Share Pledge and the transactions contemplated thereunder at the EGM.

Yours faithfully,
For and on behalf of
Grand Moore Capital Limited
Florence Ng
Associate Director

Note: Ms. Florence Ng is a licensed person under the SFO to undertake type 6 regulated activity (advising on corporate finance) and is a responsible officer in respect of Grand Moore Capital Limited's type 6 regulated activity (advising on corporate finance). Ms. Ng has over 10 years of experience in the corporate finance industry in Hong Kong.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars with regard to the Company given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Disclosure of Interests of the Directors and Chief Executive of the Company

As of the Latest Practicable Date, the interests and short positions of the Directors, and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, entered into the register maintained by the Company referred to therein; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules (the "**Model Code**") were as follows:

Interest in the Shares of the Company

Name of Director or Chief Executive	Class of shares	Capacity and nature of interest	Number of Shares[(1)]	Approximate percentage of shareholding in the relevant class of shares[(2)]	Approximate percentage of shareholding in the Company[(3)]
Mr. Cai Jianyong[(4)]	Unlisted Shares	Beneficial owner and interest held by controlled corporations	799,987,865(L)	79.58%	51.42%
Mr. Cai Jianwei	Unlisted Shares	Beneficial owner	10,406,000(L)	1.04%	0.67%

Name of Director or Chief Executive	Class of shares	Capacity and nature of interest	Number of Shares[1]	Approximate percentage of shareholding in the relevant class of shares[2]	Approximate percentage of shareholding in the Company[3]
Ms. Fei Feng[5]	Unlisted Shares	Beneficial owner and interest held by controlled corporations	31,419,500(L)	3.13%	2.02%
	H Shares	Interest held by controlled corporations	2,223,000(L)	0.40%	0.14%

Notes:

(1) The letter "L" denotes the person's long position in the Shares.

(2) The calculation is based on 1,005,237,059 Unlisted Shares and 550,694,291 H Shares as of the Latest Practicable Date.

(3) The calculation is based on a total number of 1,555,931,350 Shares as of the Latest Practicable Date.

(4) As of the Latest Practicable Date, (i) Mr. Cai Jianyong ("**Mr. Cai**"), one of the executive Directors and the chairman of the Board, directly held 291,987,865 Unlisted Shares; (ii) Zhejiang Lygend Investment Co., Ltd. (浙江力勤投資有限公司) ("**Lygend Investment**"), 88% of the equity interest of which was held by Mr. Cai, directly held 507,000,000 Unlisted Shares; and (iii) Ningbo Lizhan Trade Co., Ltd. (寧波勵展貿易有限公司) ("**Ningbo Lizhan**"), a wholly-owned subsidiary of Lygend Investment, directly held 1,000,000 Unlisted Shares. Therefore, by virtue of the SFO, Lygend Investment is deemed to be interested in the Shares held by Ningbo Lizhan, and Mr. Cai is deemed to be interested in the aggregate number of Shares held by Lygend Investment and Ningbo Lizhan.

(5) As of the Latest Practicable Date, Ms. Fei Feng directly held 7,804,500 Unlisted Shares, and was the general partner of each of the Company's employee incentive platforms. Therefore, by virtue of the SFO, Ms. Fei Feng is deemed to be interested in the aggregate number of 23,615,000 Unlisted Shares and 2,223,000 H Shares held by the employee incentive platforms of the Company.

Interest in the Company's associated corporations

Name of Director or Chief Executive	Name of associated corporation	Number of Shares	Nature of interest	Approximate percentage
Mr. Cai Jianyong	Lygend Investment[(1)]	N/A	Beneficial owner	88%
	Ningbo Lizhan[(2)]	N/A	Interest held by controlled corporations	100%

Notes:

(1) Lygend Investment, one of the Company's controlling shareholders, is a limited liability company established in the PRC and did not issue any shares. As of the Latest Practicable Date, Mr. Cai Jianyong directly held 88% equity interest in Lygend Investment.

(2) Ningbo Lizhan, one of the Company's controlling shareholders and a wholly-owned subsidiary of Lygend Investment, is a limited liability company established in the PRC and did not issue any shares. As of the Latest Practicable Date, Mr. Cai Jianyong is deemed to be interested in the 100% equity interest in Ningbo Lizhan held by Lygend Investment.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in any Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were deemed or taken to have under the provisions of the SFO), or which were required to be and are recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Disclosure of the interests of substantial shareholders and other persons of the Company

As at the Latest Practicable Date, so far as is known to the Directors, the following persons (not being Directors, or a chief executive of the Company) had, or were deemed to have, interests or shorts positions in the Shares, underlying Shares or debentures of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of interests required to be kept by the Company under section 336 of the SFO:

Name of Shareholder	Class of Shares	Capacity and nature of interest	Number of Shares held or interested in[(1)]	Approximate percentage of shareholding in the relevant class of Shares[(2)]	Approximate percentage of shareholding in the Company[(3)]
Lygend Investment[(4)]	Unlisted Shares	Beneficial owner and interest held by controlled corporations	508,000,000(L)	50.54%	32.65%
Ms. Xie Wen (謝雯)	Unlisted Shares	Beneficial owner	108,915,194(L)	10.83%	7.00%
	H Shares	Beneficial owner	43,174,141(L)	7.84%	2.77%
Feng Yi Pte. Ltd.[(5)]	H Shares	Beneficial owner	263,553,750(L)	47.86%	16.94%
Ms. Lim[(5)]	H Shares	Interest held by controlled corporations	263,553,750(L)	47.86%	16.94%
DBS Trustee Limited[(5)]	H Shares	Trustee	263,553,750(L)	47.86%	16.94%
Oakswood Group Ltd[(5)]	H Shares	Interest held by controlled corporations	263,553,750(L)	47.86%	16.94%
ICBC Credit Suisse Asset Management Co., Ltd. (工銀瑞信基金管理有限公司) (代工銀瑞信泰宏61號 QDII 單一資產管理計劃)[(7)]	H Shares	Investment manager	34,810,000(L)	6.32%	2.24%
China Chengtong Holdings Group Co., Ltd. (中國誠通控股集團有限公司)[(7)]	H Shares	Interest held by controlled corporations	34,810,000(L)	6.32%	2.24%

Name of Shareholder	Class of Shares	Capacity and nature of interest	Number of Shares held or interested in[(1)]	Approximate percentage of shareholding in the relevant class of Shares[(2)]	Approximate percentage of shareholding in the Company[(3)]
The China State-Owned Enterprise Mixed Ownership Reform Fund Co., Ltd. (中國國有企業混合所有制改革基金有限公司)[(7)]	H Shares	Beneficial owner	34,810,000(L)	6.32%	2.24%
Guangdong Brunp Recycling Technology Co., Ltd. (廣東邦普循環科技有限公司)[(8)]	H Shares	Interest held by controlled corporations	49,177,600(L)	8.93%	3.16%
Hongkong Brunp and Catl Co., Limited (香港邦普時代新能源有限公司)[(8)]	H Shares	Beneficial owner	49,177,600(L)	8.93%	3.16%
Ningbo Brunp Contemporary New Energy Co., Ltd (寧波邦普時代新能源有限公司)[(8)]	H Shares	Interest held by controlled corporations	49,177,600(L)	8.93%	3.16%

Notes:

(1) The letter "L" denotes the person's long position in the Shares.

(2) The calculation is based on 1,005,237,059 Unlisted Shares and 550,694,291 H Shares as of the Latest Practicable Date.

(3) The calculation is based on a total number of 1,555,931,350 Shares as of the Latest Practicable Date.

(4) As of the Latest Practicable Date, (i) Mr. Cai, one of our executive Directors and the chairman of the Board, directly held 291,987,865 Unlisted Shares; (ii) Lygend Investment, 88% of the equity interest of which was held by Mr. Cai, directly held 507,000,000 Unlisted Shares; and (iii) Ningbo Lizhan, a wholly-owned subsidiary of Lygend Investment, directly held 1,000,000 Unlisted Shares. Therefore, by virtue of the SFO, (i) Lygend Investment is deemed to be interested in the Shares held by Ningbo Lizhan; and (ii) Mr. Cai is deemed to be interested in the aggregate number of Shares held by Lygend Investment and Ningbo Lizhan.

(5) As of the Latest Practicable Date, Feng Yi Pte. Ltd. ("**Feng Y**i") was wholly-owned by Oakswood Group Ltd, a corporation held under a discretionary trust with Ms. Lim as settlor of the trust, and DBS Trustee Limited acting as trustee. Therefore by virtue of the SFO, each of Oakswood Group Ltd, DBS Trustee Limited and Ms. Lim are deemed to be interested in the Shares held by Feng Yi.

(6) As of the Latest Practicable Date, Ningbo Yinzhou District Financial Holding Co., Ltd. (寧波市鄞州區金融控股有限公司) ("**Yinzhou Financial Holding**") is a state-owned enterprise directly under the People's Government of Ningbo City (寧波市人民政府), and is ultimately controlled by the Ningbo City Yinzhou District State-owned Assets Supervision and Administration Commission (寧波市鄞州區國有資產管理委員會). For the purpose of the cornerstone investment, Yinzhou Financial Holding has engaged Hwabao Trust Co., Ltd. (華寶信託有限責任公司), a trust company that is a Qualified Domestic Institutional Investor approved by the relevant PRC authority, to subscribe for and hold the H Shares on a discretionary basis on its behalf.

(7) China Chengtong Holdings Group Co., Ltd. (中國誠通控股集團有限公司) initiated the China State-Owned Enterprise Mixed Ownership Reform Fund Co., Ltd. (中國國有企業混合所有制改革基金有限公司) ("**Mixed-ownership Reform Fund**"), which is a national fund approved by the State Council and entrusted by the State-owned Assets Supervision and Administration Commission of the State Council. As of the Latest Practicable Date, Mixed-Ownership Reform Fund has engaged ICBC Credit Suisse Asset Management Co., Ltd. (工銀瑞信基金管理有限公司), an asset manager that is a Qualified Domestic Institutional Investor approved by the relevant PRC authority, to subscribe for and hold the H Shares on its behalf.

(8) As of the Latest Practicable Date, Hongkong Brunp and Catl Co., Limited (香港邦普時代新能源有限公司) ("**Hong Kong CATL**") held the H Shares and was a direct shareholder of the Company. Hong Kong CATL is an indirectly controlled subsidiary of Contemporary Amperex Technology Co., Limited (寧德時代新能源科技股份有限公司) ("**CATL**"), a company established in 2011 and listed on the Shenzhen Stock Exchange since 2018 (stock code: 300750).

Save as disclosed above, as at the Latest Practicable Date, the Company had not been notified of any entities/persons (other than the Directors or chief executive of the Company) who had a long or short position in the Shares, underlying Shares or debentures of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

3. DIRECTORS' EMPLOYMENT IN SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, none of the Directors of the Company was a director or employee of a company which had, or was deemed to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

4. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

5. DIRECTORS' SERVICE CONTRACTS

Each of our Directors have entered into a contract in respect of, among other things, compliance with relevant laws and regulations, observance of the articles of association of the Company and provisions on arbitration.

None of the Directors has or is proposed to have a service contract with any member of our Group (other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation other than statutory compensation).

6. DIRECTORS' INTERESTS IN ASSETS, CONTRACTS OR ARRANGEMENT AND COMPETING BUSINESS

As of the Latest Practicable Date:

(1) none of the Directors had any interests in any contract or arrangement entered into by any member of the Group which is significant in relation to the business of the Group, apart from certain transactions disclosed in the section headed "Connected Transactions" in the Company's annual report for the year ended December 31, 2024;

(2) none of the Directors had any interest, direct or indirect, in any assets which had been, since 31 December 2024, being the date to which the latest published audited accounts of the Group were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group;

(3) none of the Directors and their respective close associates (as defined in the Listing Rules) had interest in the business (other than the business of the Group) which competes or is likely to compete, either directly or indirectly, with the business of the Group.

7. NO MATERIAL ADVERSE CHANGE

As of the Latest Practicable Date, the Directors confirm that there had been no material adverse change in the financial or trading position of the Group since 31 December 2024, being the date to which the latest published audited accounts of the Group were made up.

8. QUALIFICATIONS AND CONSENT OF EXPERT

The following is the qualification of the Independent Financial Adviser who has given its opinions contained in this circular:

Name	Qualifications
Grand Moore	A corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

Grand Moore has been appointed as the Independent Financial Adviser to give its written consent to the issue of this circular, with the inclusion herein of its letter of advice and references to its name and/or its advice in the form and context in which they appear, and has not withdrawn its consent to date.

As at the Latest Practicable Date, Grand Moore had no shareholding in any member of the Group and nor held the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Grand Moore had no interest, direct or indirect, in any assets which had been, since 31 December 2024, being the date to which the latest published audited accounts of the Group were made up, acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group.

9. MISCELLANEOUS

The registered office of the Company is 2/F, Mingchuang Building No. 707 Tiantong South Road, Yinzhou District, Ningbo City, Zhejiang Province, PRC. The head office of the Company is 10-11/F, Building C10, R&D Park, Lane 299, Guanghua Road, Yinzhou District, Ningbo City, Zhejiang Province, PRC.

The principal place of business of the Company in Hong Kong is 46/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

The joint company secretaries of the Company are Mr. Cao Zheng, who obtained the PRC Department Law Practitioner Qualification (中華人民共和國法律職業資格證書) and Ms. Chan Yuen Mui, who is a member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

The H share registrar of the Company is Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

The English text of this circular shall prevail over the Chinese text in case of any inconsistency, except for the English names/translations of the companies established in the PRC, relevant authorities in the PRC and other Chinese terms used in this circular which are only translations of their official Chinese names.

10. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.lygend.com) for not less than 14 days from the date of this circular:

(i) the HPL Deed of Guarantee; and

(ii) the NBSS Share Pledge.

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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**EGM**") of Lygend Resources & Technology Co., Ltd. (the "**Company**") will be held at 10:00 am on 11 September 2025 (or any adjournment thereof) at 10/F, Building C10, R&D Park, Lane 299, Guanghua Road, Yinzhou District, Ningbo City, Zhejiang Province, PRC, to consider and, if thought fit, pass the following resolutions. Unless otherwise defined, capitalised terms used in this notice shall have the same meanings as those defined in the circular of the Company dated 25 August 2025.

ORDINARY RESOLUTIONS

1. To consider, approve and ratify (if applicable) the HPL Deed of Guarantee and the transactions contemplated thereunder; and authorise any one director of the Company to sign or execute such other documents on behalf of the Company and to do all such things and take all such actions as he/she may consider necessary or desirable for the purpose of giving effect to the HPL Deed of Guarantee and completing the transactions contemplated thereunder with such changes as he/she may consider necessary, desirable or expedient.

2. To consider, approve and ratify (if applicable) the NBSS Share Pledge and the transactions contemplated thereunder; and authorise any one director of the Company to sign or execute such other documents on behalf of the Company and to do all such things and take all such actions as he/she may consider necessary or desirable for the purpose of giving effect to the NBSS Share Pledge and completing the transactions contemplated thereunder with such changes as he/she may consider necessary, desirable or expedient.

3. To consider, approve and ratify (if applicable) the Lygend Deed of Guarantee and the transactions contemplated thereunder; and authorise any one director of the Company to sign or execute such other documents on behalf of the Company and to do all such things and take all such actions as he/she may consider necessary or desirable for the purpose of giving effect to the Lygend Deed of Guarantee and completing the transactions contemplated thereunder with such changes as he/she may consider necessary, desirable or expedient.

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

The PRC, 25 August 2025

Notes:

1. The voting at the EGM will be conducted by way of poll.

2. For the purpose of determining the eligibility to attend and vote at the EGM, the register of members of the Company will be closed from Monday, 8 September 2025 to Thursday, 11 September 2025, both days inclusive. During such period, no transfer of the Company's H Shares will be registered. H Share Shareholders whose names appear on register of members of H Shares of the Company on Thursday, 11 September 2025 will be entitled to attend the EGM. In order to be eligible to attend and vote at the EGM, H Share Shareholders whose transfers of Shares have not been registered shall deposit the transfer documents together with the relevant share certificates with the H share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 4:30 p.m. on Friday, 5 September 2025.

3. Each Shareholder entitled to attend and vote at the EGM may appoint one or more proxies to attend and vote on his or her behalf. A proxy needs not be a Shareholder.

4. An ordinary resolution at a general meeting shall be passed by one half or above of the voting rights held by shareholders (including their proxies) attending the general meeting. A special resolution at a general meeting shall be passed by two-thirds or above of the voting rights held by shareholders (including their proxies) attending the general meeting.

5. The form of proxy must be signed by the Shareholder or his/her attorney duly authorized in writing. If the Shareholder is a corporation, the instrument must be either under its common seal or signed by the director or his/her attorney duly authorized. If the instrument is signed by an attorney of the Shareholder, the power of attorney authorizing that attorney to sign or other authorization document must be notarized.

6. In order to be valid, the form of proxy of the H Share Shareholders together with the power of attorney or other authorization document (if any) signed by the authorized person or notarially certified power of attorney must be deposited at the H share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong; or for the Unlisted Share Shareholders of the Company, to the business address of the Company in the PRC, at 10-11/F, Building C10, R&D Park, Lane 299, Guanghua Road, Yinzhou District, Ningbo City, Zhejiang Province, PRC, not less than 24 hours before the time appointed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of a form of proxy will not preclude a Shareholder from attending and voting in person at the EGM if he/she so wishes.

7. The EGM is expected to last for no more than half a day. Shareholders or their proxies attending the meeting are responsible for their own transportation and accommodation expenses. Shareholders or their proxies attending the meeting shall produce their identity documents.

8. All times refer to Hong Kong local time, except as otherwise stated.