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Lygend Resources & Technology Co., Ltd.
宁波力勤资源科技股份有限公司
(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 2245)

CONTINUING CONNECTED TRANSACTION IN RELATION TO THE ENGINEERING CONSTRUCTION SERVICES AND MATERIALS FRAMEWORK AGREEMENT

ENGINEERING CONSTRUCTION SERVICES AND MATERIALS FRAMEWORK AGREEMENT

Reference is made to the announcements of the Company dated March 20, 2024, October 14, 2024 and January 10, 2025 in relation to, among others, the provision of engineering construction services and materials by certain subsidiaries of Lygend Investment to certain subsidiaries of the Company.

Given the Group's overall business development strategy and business plan for continuous growth, the Board considered it commercially beneficial to establish a framework agreement with Lygend Investment to ensure a stable and high-quality supply of services and materials at competitive terms and allow for greater flexibility, instead of entering into one-off agreements.

On October 17, 2025, Lygend Investment entered into a framework agreement with the Company, pursuant to which Lygend Investment and/or its certain subsidiaries and associates will provide engineering construction services and materials to the Group from time to time during the term commencing from October 17, 2025 to December 31, 2027 (the "**Engineering Construction Services and Materials Framework Agreement**").

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Lygend Investment is a controlling shareholder of the Company, holding directly and indirectly approximately 32.65% interest in the Company. As such, Lygend Investment is a connected person of the Company pursuant to Rule 14A.07(1) of the Listing Rules. Accordingly, the transactions contemplated under the Engineering Construction Services and Materials Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio under the Listing Rules calculated based on the maximum amount of the annual caps under the Engineering Construction Services and Materials Framework Agreement is higher than 0.1% but less than 5%, the transactions thereunder are subject to the reporting, annual review and announcement requirements, but exempt from circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

BACKGROUND ON THE ENGINEERING CONSTRUCTION SERVICES AND MATERIALS FRAMEWORK AGREEMENT

Reference is made to the announcements of the Company dated March 20, 2024, October 14, 2024 and January 10, 2025 in relation to, among others, the provision of engineering construction services and materials by certain subsidiaries of Lygend Investment to certain subsidiaries of the Company.

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ENGINEERING CONSTRUCTION SERVICES AND MATERIALS FRAMEWORK AGREEMENT

The major terms of the Engineering Construction Services and Materials Framework Agreement are set out below:

Date of the agreement: October 17, 2025

Parties: (i) the Company; and

(ii) Lygend Investment

Subject matter: Provision of construction materials and engineering construction services, including but not limited to engineering construction services, engineering equipment leasing services, project operation services required for specific engineering constructions, and other ancillary services.

The Engineering Construction Services and Materials Framework Agreement is a framework agreement for the procurement of products and/or services and does not constitute a specific transaction document. The specific contracts governing the scope of products and/or services, amount, payment method and other terms and conditions shall be entered into by the parties in accordance with the principles set forth in the Engineering Construction Services and Materials Framework Agreement. All documents shall be entered into on a fair and reasonable basis and shall be subject to the terms of the Engineering Construction Services and Materials Framework Agreement.

Term:

A term commencing from the date of the Engineering Construction Services and Materials Framework Agreement and ending on December 31, 2027.

Pricing policy:

Where the Group proposes to enter into specific contracts with Lygend Investment and/or its subsidiaries and associates, the relevant members of the Group shall follow the internal rules and regulations to conduct necessary procedures such as price comparison and bidding to ensure fair pricing.

The consideration for the products and/or services to be provided under the Engineering Construction Services and Materials Framework Agreement shall be determined by the parties through arm's length negotiations in accordance with normal commercial terms, with reference to the terms of other Independent Third Party vendors and taking into account fair market prices with reference to the bidding price from the public tendering process. The pricing and transaction terms shall be no less favorable than those offered by Independent Third Parties for similar transactions.

Without limiting the generality of the foregoing and taking into account the industry practice and the nature of the transactions, the consideration for the products and/or services to be provided under the Engineering Construction Services and Materials Framework Agreement shall be determined in the following manner:

(i) for engineering construction services, the consideration shall be based on the unit price and quantity for each type of project, as well as costs of labor, materials and construction equipment;

(ii) for the supply of construction materials, the consideration shall be calculated by multiplying the unit price by the quantity of the materials required for each sub-project; and

(iii) for engineering equipment leasing and project operation services required for specific project constructions, the consideration shall be determined with reference to the prevailing market prices.

Payment terms:

Taking into account the industry practice and nature of the transactions, the payment terms for the products and/or services to be provided under the Engineering Construction Services and Materials Framework Agreement shall be as follows:

(i) for engineering construction services, payments include advance payment (if any), installment payment calculated and paid according to the actual project progress, acceptance payment, settlement payment and a certain percentage of quality assurance deposit;

(ii) for the supply of construction materials, payments include advance payment (if any), installment payment determined with reference to different stages of delivery and inspection of the materials, acceptance payment, settlement payment and a certain percentage of quality assurance deposit; and

(iii) for engineering equipment leasing and project operation services required for specific project constructions, regular settlement of fees according to the actual usage.

HISTORICAL AMOUNTS AND ANNUAL CAPS

Historical amounts and annual caps

The historical amounts and annual caps for the transactions contemplated under the Engineering Construction Services and Materials Framework Agreement are as follows:

	Historical amount for the years ended December 31,		Historical amount for the nine months ended September 30,	Annual cap for the year ending December 31,		
	2023[1]	2024	2025	2025[2]	2026	2027
	Audited	Audited	Unaudited	Unaudited	Unaudited	Unaudited
	(RMB in millions)					
Fees paid/to be paid by the Group to Lygend Investment and/or its certain subsidiaries and associates	190	473	225	500	700	600

Note:

(1) The historical amount for the year ended December 31, 2023 includes the historical amount incurred under transactions entered into between the Group and entities which at the time had not been acquired by Lygend Investment and were therefore not connected persons of the Company. Such entities are now subsidiaries of Lygend Investment.

(2) The annual cap for the year ended December 31, 2025 has accounted for the historical amount for the nine months ended September 30, 2025 already incurred.

Basis of annual caps

The above annual caps were determined after taking into account the factors as set out below:

(a) the historical transaction amounts of the fees paid by the Group to Lygend Investment and/or its certain subsidiaries and associates in respect of the provision of engineering construction services and materials and the expected increase in the use of engineering construction services and materials in 2025, 2026 and 2027 for the MHP refining project, hydrometallurgy slag project and supporting construction of Obi Central Camp, with the project demands clustering in 2026;

(b) the expected amount of the fees payable by the Company to Lygend Investment pursuant to the Engineering Construction Services and Materials Framework Agreement;

(c) the projected demand for the products and services from Lygend Investment and/or its certain subsidiaries and associates with reference to the Company's higher requirements on the quality of the construction of the projects, the required engineering construction services and materials and specifications as set out in the Engineering Construction Services and Materials Framework Agreement;

(d) in accordance with market practices for determining the consideration for engineering construction services and materials, all potential costs and taxes that Lygend Investment and/or its subsidiaries and associates may incur in fulfilling its responsibilities and obligations under the Engineering Construction Services and Materials Framework Agreement, such as labor costs, machinery expenses, self-procured material costs, and technical support fees; and

(e) the Group's overall business development strategy and business plan for continuous growth.

REASONS FOR AND BENEFITS OF THE ENGINEERING CONSTRUCTION SERVICES AND MATERIALS FRAMEWORK AGREEMENT

The Group has been procuring a variety of engineering construction services and materials from certain subsidiaries of Lygend Investment to satisfy its business and operational needs, which has enabled them to acquire a comprehensive understanding of the Group's business and operational requirements and establish a great foundation for mutual trust. Taking into consideration the Group's previous procurement from certain subsidiaries of Lygend Investment and the following factors: (i) technical factors such as technical capabilities, quality, safety, environmental management systems and measures, and construction progress management systems and control measures; (ii) project performance, and credentials of the person in charge and the team he/she managed; and (iii) commercial factors such as qualifications for construction, historical performance and cost, the Group believes that Lygend Investment and its subsidiaries and associates are capable of fulfilling the Group's demands efficiently and reliably with a stable and high-quality supply of services and materials, and entering into the Engineering Construction Services and Materials Framework Agreement would allow for greater flexibility and minimize disruption to the Group's operation and internal procedures.

Having carried out a detailed review of the terms and conditions of the Engineering Construction Services and Materials Framework Agreement and having considered the above, the Directors (including the independent non-executive Directors) consider that the Engineering Construction Services and Materials Framework Agreement and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group, on normal commercial terms, and the terms thereunder (including the annual caps) are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Mr. Cai Jianyong (an executive Director of the Company and the controller of Lygend Investment), and Mr. Cai Jianwei (an executive Director of the Company and brother of Mr. Cai Jianyong) are considered as having a material interest in the Engineering Construction Services and Materials Framework Agreement and were required to abstain from voting on the Board resolutions in relation to the Engineering Construction Services and Materials Framework Agreement pursuant to Article 149 of the articles of association of the Company. Save and except for the aforesaid, none of the Directors had any material interest in the Engineering Construction Services and Materials Framework Agreement nor the transactions contemplated thereunder.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Lygend Investment is a controlling shareholder of the Company, holding directly and indirectly approximately 32.65% interest in the Company. As such, Lygend Investment is a connected person of the Company pursuant to Rule 14A.07(1) of the Listing Rules. Accordingly, the transactions contemplated under the Engineering Construction Services and Materials Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio under the Listing Rules calculated based on the maximum amount of the annual caps under the Engineering Construction Services and Materials Framework Agreement is higher than 0.1% but less than 5%, the transactions thereunder are subject to the reporting, annual review and announcement requirements, but exempt from circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INFORMATION ON THE PARTIES

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

Lygend Investment is a limited liability company established in the PRC on April 19, 2010 controlled by Mr. Cai Jianyong, an executive director and one of the controlling shareholders of the Company. As at the date of this announcement, Lygend Investment is a controlling shareholder of the Company, holding directly and indirectly approximately 32.65% interest in the Company. Lygend Investment's principal business is investment holding.

DEFINITIONS

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

"associate"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Company"	Lygend Resources & Technology Co., Ltd.* (宁波力勤资源科技股份有限公司), a joint stock company incorporated in the PRC with limited liability, the H Shares of which are listed on the Stock Exchange (Stock Code: 2245)
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"H Share(s)"	overseas listed foreign shares in the share capital of the Company with a nominal value of RMB1.00 each, which are traded in Hong Kong dollars and listed on the Stock Exchange
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	any entity or person who is not a connected person of the Company or an associate of such person within the meaning ascribed to it under the Listing Rules
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Lygend Investment"	Zhejiang Lygend Investment Co., Ltd.* (浙江力勤投資有限公司), a limited liability company established in the PRC on 19 April 2010 controlled by Mr. Cai Jianyong, an executive director and one of the controlling shareholders of the Company
"PRC"	the People's Republic of China

"Shareholder(s)"	holder(s) of the share(s) of the Company from time to time
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"%"	per cent

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

The PRC, October 17, 2025

As at the date of this announcement, the executive Directors are Mr. CAI Jianyong, Ms. FEI Feng, Mr. CAI Jianwei and Mr. WANG Ling; the non-executive Director is Mr. Lawrence LUA Gek Pong; the independent non-executive Directors are Dr. HE Wanpeng, Ms. ZHANG Zhengping and Dr. WANG James Jixian; the employee representative Director is Mr. YU Weijun.

* *For identification purpose only*