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## Lygend Resources & Technology Co., Ltd.

### 宁波力勤资源科技股份有限公司

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

(Stock Code: 2245)

## CONNECTED TRANSACTIONS PROVISION OF FINANCIAL ASSISTANCE TO CONNECTED SUBSIDIARIES

### INTRODUCTION

#### ***Provision of financial assistance from the Company to KPS International***

The Board is pleased to announce that on 17 November 2023, the Company and KPS International have entered into the KPS International Loan Agreement, pursuant to which the Company agreed to provide KPS International with the KPS International Loan Facility in the principal amount of not exceeding RMB65,000,000 for a term of one year.

#### ***Provision of financial assistance from KPS to OSS***

The Board is further pleased to announce that on 15 November 2023, 16 November 2023 and 17 November 2023, KPS and OSS have entered into the OSS Loan Agreements, pursuant to which KPS agreed to provide OSS with the OSS Loan Facility in the total principal amount of USD750,000 for a term of one year.

### IMPLICATIONS UNDER THE LISTING RULES

#### ***Provision of financial assistance from the Company to KPS International***

As at the date of this announcement, KPS International is a wholly-owned subsidiary of KPS, and KPS is a non-wholly owned subsidiary of the Company. The Company indirectly holds 65% shareholding interest in KPS through Ningbo Baoxin Special Steel Technology Co., Ltd.\* (寧波寶鑫特鋼科技有限公司), a wholly-owned subsidiary of the Company. The remaining shareholding interest of KPS is held as to 35% by the Indonesian Partner. HJR is the parent entity of the Indonesian Partner and is ultimately controlled by family members of Ms. Lim. Ms. Lim is the 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. Accordingly, HJR and the Indonesian Partner are associates of Ms. Lim and are connected persons of the Company pursuant to Rule 14A.07(4) of the Listing Rules. In addition, Ms. Lim's family members are deemed connected persons of the Company pursuant to Rule 14A.21 of the Listing Rules. Therefore, KPS is a connected subsidiary of the Company pursuant to Rule 14A.16(1) of the Listing Rules as Ms. Lim's family members are collectively entitled to control the exercise of 10% or more of the votes attaching to the shares of KPS, and KPS International, being a wholly-owned subsidiary of KPS, is also a connected subsidiary of the Company pursuant to Rule 14A.16(2) of the Listing Rules.

Accordingly, the provision of financial assistance by the Company under the KPS International Loan Agreement to KPS International constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios calculated with reference to Rule 14.07 of the Listing Rules in respect of the KPS International Loan Agreement is higher than 0.1% but less than 5%, the transaction thereunder is subject to reporting, annual review and announcement requirements but exempt from circular (including independent financial advice) and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

***Provision of financial assistance from KPS to OSS***

As at the date of this announcement, OSS is a non-wholly owned subsidiary of the Company. The Company indirectly holds 65% shareholding interest in OSS through Lygend Golden Power (Hong Kong) Limited (力勤鑫動力(香港)有限公司), a wholly-owned subsidiary of the Company. The remaining shareholding interest of OSS is held as to 35% by the Indonesian Partner. As such, same as KPS, OSS is also a connected subsidiary of the Company pursuant to Rule 14A.16(1) of the Listing Rules as Ms. Lim's family members are collectively entitled to control the exercise of 10% or more of the votes attaching to the shares of OSS.

Accordingly, the provision of financial assistance by KPS under the OSS Loan Agreements to OSS constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios calculated with reference to Rule 14.07 of the Listing Rules in respect of the OSS Loan Agreements were less than 0.1%, the transactions thereunder were fully exempt from the reporting, annual review, announcement, circular (including independent financial advice) and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

However, as (i) both the KPS International Loan Agreement and the OSS Loan Agreements are loan arrangements with connected subsidiaries of the Company, (ii) KPS International and OSS are connected subsidiaries by virtue of the Indonesian Partner's indirect shareholding in KPS International and direct shareholding in OSS, with Ms. Lim's family members being collectively entitled to indirectly/directly control the exercise of 10% or more of the votes attaching to the shares of KPS International and OSS, and (iii) the KPS International Loan Agreement and the OSS Loan Agreements are entered into within a 12-month period, the KPS International Loan Agreement and the OSS Loan Agreements will be aggregated and treated as if they were one transaction pursuant to Rules 14A.81 and 14A.82(1) of the Listing Rules. As one or more of the applicable percentage ratios calculated with reference to Rule 14.07 of the Listing Rules in respect of the KPS International Loan Agreement and the OSS Loan Agreements in aggregate is higher than 0.1% but less than 5%, the KPS International Loan Agreement and the OSS Loan Agreements in aggregate are subject to reporting, annual review and announcement requirements but exempt from circular (including independent financial advice) and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **PROVISION OF FINANCIAL ASSISTANCE FROM THE COMPANY TO KPS INTERNATIONAL**

The Board is pleased to announce that on 17 November 2023, the Company and KPS International have entered into the KPS International Loan Agreement, pursuant to which the Company agreed to provide KPS International with the KPS International Loan Facility in the principal amount of not exceeding RMB65,000,000 for a term of one year.

The principal terms of the KPS International Loan Agreement are set out as follows:

**Date:** 17 November 2023

**Parties:** (i) The Company (as lender); and  
(ii) KPS International (as borrower)

**Amount of the KPS International Loan Facility:** Not exceeding RMB65,000,000

**Interest rate:** The PBOC benchmark one-year lending rate in the PRC from time to time (currently at 3.45% per annum). The interest rate was arrived at after arm's length negotiation between the Company and KPS International and reflects the normal commercial rate.

**Repayment terms:** The principal amount of the KPS International Loan Facility together with all accrued interest shall be repayable in one lump sum within three days from the expiry of the term of the KPS International Loan Agreement. KPS International may submit an application to the Company three business days in advance to renew the loan arrangement with the Company.

The KPS International Loan Facility will be funded by the Company's internal resources.

## **PROVISION OF FINANCIAL ASSISTANCE FROM KPS TO OSS**

The Board is further pleased to announce that on 15 November 2023, 16 November 2023 and 17 November 2023, KPS and OSS have entered into the OSS Loan Agreements, pursuant to which KPS agreed to provide OSS with the OSS Loan Facility in the total principal amount of USD750,000 for a term of one year.

The principal terms of the OSS Loan Agreements are set out as follows:

<b>Date:</b>	15 November 2023, 16 November 2023 and 17 November 2023
<b>Parties:</b>	(i) KPS (as lender); and (ii) OSS (as borrower)
<b>Amount of the OSS Loan Facility:</b>	USD750,000 in total
<b>Interest rate:</b>	The Secured Overnight Financing Rate from time to time plus 0.75%. The interest rate was arrived at after arm's length negotiation between the KPS and OSS and reflects the normal commercial rate.
<b>Repayment terms:</b>	Repayment of the outstanding OSS Loan Facility (including interest, if any) may be made either immediately and in full or in stages; however, KPS may at any time request OSS to repay the loan and OSS must then immediately repay.

The OSS Loan Facility will be funded by KPS's internal sources.

#### **REASONS FOR AND BENEFITS OF ENTERING INTO THE KPS INTERNATIONAL LOAN AGREEMENT AND OSS LOAN AGREEMENTS**

The Company is of the view that the KPS International Loan Facility and the OSS Loan Facility will improve the cashflow situation of KPS International and OSS, supporting the corporate operations of KPS International and OSS. As such, the Company, being the indirect majority shareholder of both KPS and OSS, believes that strengthening the collaboration among itself, KPS International and OSS will in turn contribute to the overall business development and financial results of the Company.

The terms of the KPS International Loan Agreement and the OSS Loan Agreements (including the interest rate and repayment terms) are negotiated on an arm's length basis between the relevant parties having taken into account the prevailing market interest rates and practices.

As such, the Directors (including the independent non-executive Directors) consider that the terms of the KPS International Loan Agreement and the OSS Loan Agreements are fair and reasonable, the transactions under the KPS International Loan Agreement and the OSS Loan Agreements are on normal commercial terms, have been entered into in the ordinary and usual course of business of the Company and KPS (as applicable) and are in the interests of the Company and its Shareholders as a whole. The Company will finance the KPS International Loan Facility under the KPS International Loan Agreement and KPS will finance the OSS Loan Facility under the OSS Loan Agreements with their respective internal resources. The provision of such financial assistance is not expected to have any material impact on the results and/or financial position of the Group.

## **INFORMATION ON THE GROUP**

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

## **INFORMATION ON THE PARTIES INVOLVED**

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

KPS International is a limited liability company established in the PRC and is a wholly-owned subsidiary of KPS. It is principally engaged in the wholesale trading business.

OSS is a limited company established under the laws of Indonesia and is principally engaged in construction and operational work as an extension to phase II of the RKEF project. OSS is indirectly held as to 65% by the Company as at the date of this announcement.

## **DIRECTORS' CONFIRMATION**

None of the Directors has any material interest in the KPS International Loan Agreement or the OSS Loan Agreements and the transactions contemplated thereunder and hence no Director was required to abstain from voting on the relevant Board resolutions.

## **IMPLICATIONS UNDER THE LISTING RULES**

### ***Connected transaction relating to provision of financial assistance from the Company to KPS International***

As at the date of this announcement, KPS International is a wholly-owned subsidiary of KPS, and KPS is a non-wholly owned subsidiary of the Company. The Company indirectly holds 65% shareholding interest in KPS through Ningbo Baoxin Special Steel Technology Co., Ltd.\* (寧波寶鑫特鋼科技有限公司), a wholly-owned subsidiary of the Company. The remaining shareholding interest of KPS is held as to 35% by the Indonesian Partner. HJR is the parent entity of the Indonesian Partner and is ultimately controlled by family members of Ms. Lim. Ms. Lim is the 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. Accordingly, HJR and the Indonesian Partner are associates of Ms. Lim and are connected persons of the Company pursuant to Rule 14A.07(4) of the Listing Rules. In addition, Ms. Lim's family members are deemed connected persons of the Company pursuant to Rule 14A.21 of the Listing Rules. Therefore, KPS is a connected subsidiary of the Company pursuant to Rule 14A.16(1) of the Listing Rules as Ms. Lim's family members are collectively entitled to control the exercise of 10% or more of the votes attaching to the shares of KPS, and KPS International, being a wholly-owned subsidiary of KPS, is also a connected subsidiary of the Company pursuant to Rule 14A.16(2) of the Listing Rules.

Accordingly, the provision of financial assistance by the Company under the KPS International Loan Agreement to KPS International constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios calculated with reference to Rule 14.07 of the Listing Rules in respect of the KPS International Loan Agreement is higher than 0.1% but less than 5%, the transaction thereunder is subject to reporting, annual review and announcement requirements but exempt from circular (including independent financial advice) and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

### ***Connected transaction relating to provision of financial assistance from KPS to OSS***

As at the date of this announcement, OSS is a non-wholly owned subsidiary of the Company. The Company indirectly holds 65% shareholding interest in OSS through Lygend Golden Power (Hong Kong) Limited (力勤鑫動力(香港)有限公司), a wholly-owned subsidiary of the Company. The remaining shareholding interest of OSS is held as to 35% by the Indonesian Partner. As such, same as KPS, OSS is also a connected subsidiary of the Company pursuant to Rule 14A.16(1) of the Listing Rules as Ms. Lim's family members are collectively entitled to control the exercise of 10% or more of the votes attaching to the shares of OSS.

Accordingly, the provision of financial assistance by KPS under the OSS Loan Agreements to OSS constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios calculated with reference to Rule 14.07 of the Listing Rules in respect of the OSS Loan Agreements were less than 0.1%, the transactions thereunder were fully exempt from the reporting, annual review, announcement, circular (including independent financial advice) and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

However, as (i) both the KPS International Loan Agreement and the OSS Loan Agreements are loan arrangements with connected subsidiaries of the Company, (ii) KPS International and OSS are connected subsidiaries by virtue of the Indonesian Partner's indirect shareholding in KPS International and direct shareholding in OSS, with Ms. Lim's family members being collectively entitled to indirectly/directly control the exercise of 10% or more of the votes attaching to the shares of KPS International and OSS, and (iii) the KPS International Loan Agreement and the OSS Loan Agreements are entered into within a 12-month period, the KPS International Loan Agreement and the OSS Loan Agreements will be aggregated and treated as if they were one transaction pursuant to Rules 14A.81 and 14A.82(1) of the Listing Rules. As one or more of the applicable percentage ratios calculated with reference to Rule 14.07 of the Listing Rules in respect of the KPS International Loan Agreement and the OSS Loan Agreements in aggregate is higher than 0.1% but less than 5%, the KPS International Loan Agreement and the OSS Loan Agreements in aggregate are subject to reporting, annual review and announcement requirements but exempt from circular (including independent financial advice) and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## DEFINITIONS

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

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Lygend Resources & Technology Co., Ltd.* (宁波力勤资源科技股份有限公司), a joint stock company incorporated in the PRC with limited liability, the H Shares of which are listed on the Stock Exchange (Stock Code: 2245)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“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

“HJR”	PT Harita Jayaraya, a limited liability company established under the laws of Indonesia, the parent entity of the Indonesian Partner and ultimately controlled by family members of Ms. Lim
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Indonesian Partner”	PT Trimegah Bangun Persada, a limited liability company established under the laws of Indonesia and a substantial shareholder of certain non-wholly owned subsidiaries of the Company
“KPS”	PT Karunia Permai Sentosa, a limited liability company established under the laws of Indonesia on 26 November 2021, and indirectly held as to 65% by the Company and a connected subsidiary of the Company
“KPS International”	KPS International Trading (Ningbo) Co., Ltd.* (凱帕斯國際貿易(寧波)有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of KPS
“KPS International Loan Agreement”	the loan agreement dated 17 November 2023 entered into between the Company (as lender) and KPS International (as borrower), pursuant to which the Company agreed to provide the KPS International Loan Facility to KPS International
“KPS International Loan Facility”	the loan facility in the amount of not exceeding RMB65,000,000 granted by the Company to KPS International pursuant to the terms of the KPS International Loan Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Ms. Lim”	Ms. Lim Shu Hua, Cheryl, the de facto controller of Feng Yi Pte. Ltd., a 17% Shareholder of the Company
“OSS”	PT Obi Stainless Steel, a limited liability company established under the laws of Indonesia on 26 November 2021, and indirectly held as to 65% by the Company and a connected subsidiary of the Company
“OSS Loan Agreements”	the series of loan agreements dated 15 November 2023, 16 November 2023 and 17 November 2023 entered into between KPS (as lender) and OSS (as borrower), pursuant to which KPS agreed to provide the OSS Loan Facility to OSS



“OSS Loan Facility”	the loan facility in the total amount of USD750,000 granted by KPS to OSS pursuant to the terms of the OSS Loan Agreements
“PBOC”	People’s Bank of China
“PRC”	the People’s Republic of China
“RKEF project”	a nickel product smelting project on the Obi Island, namely the largest island among a group of islands in the Indonesian province of North Maluku, phase I of which project is operated by HJF and phase II of which project is operated by KPS
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“United States”	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
“USD”	United States Dollar, the lawful currency of the United States
“%”	per cent.

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

The PRC, 17 November 2023

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

\* *For identification purpose only*