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Lygend Resources & Technology Co., Ltd.

宁波力勤资源科技股份有限公司

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

(Stock Code: 2245)

CONNECTED TRANSACTION IN RELATION TO THE TRANSFER AGREEMENT

TRANSFER AGREEMENT

The Board is pleased to announce that on 26 August 2024, Lygend Headquarter Management, a direct wholly-owned subsidiary of the Company, and Lygend Investment, a controlling shareholder of the Company, have entered into the Transfer Agreement, pursuant to which Lygend Headquarter Management agreed to transfer the land use right of the Target Land and the construction works thereon that are in progress in Ningbo City, PRC, to Lygend Investment at a consideration of RMB57,163,028.93.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Lygend Investment is the controlling shareholder of the Company and directly and indirectly holds approximately 32.65% of the issued share capital of the Company. Accordingly, it is a connected person of the Company under the Listing Rules. Lygend Headquarter Management is a wholly-owned subsidiary of the Company. Accordingly, the transaction contemplated under the Transfer Agreement constitutes a connected transaction 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 is higher than 0.1% but less than 5%, the Transfer Agreement and the transaction contemplated thereunder 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.

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PRINCIPAL TERMS OF THE TRANSFER AGREEMENT

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

Date: 26 August 2024

Parties: (i) Lygend Headquarter Management as transferor; and
(ii) Lygend Investment as transferee

Subject Matter: The land use right of the Target Land and the construction works thereon that are in progress. The Target Land constitutes the commercial part of the land parcels A3-1#/2#/3# located in the core area of East New Town, Fuming Street, Yinzhou District, Ningbo City, PRC (the “**Land**”). The Target Land has a total site area of approximately 3,065 square meter and its permitted uses are commercial retail and catering.

The land use right of the Land (inclusive of the Target Land) was originally transferred to the Company by the Ningbo Bureau of Natural Resources and Planning in May 2023. Thereafter, the Company transferred such right to Lygend Headquarter Management in May 2023. The land use right over the Land (inclusive of the Target Land) shall expire on 14 May 2063.

**Consideration and
Terms of Payment:**

The consideration for the land use right of the Target Land and related construction works is RMB57,163,028.93 in cash, which will be fully paid within 60 days from the date of entering into the Transfer Agreement.

The consideration was determined after arm’s length negotiations between the parties after taking into account the appraised value of the Target Land based on the valuation report as of 29 March 2024 issued by an independent valuer, the value of the Target Land as of 29 February 2024 was determined to be RMB51,691,200 and the design fees totalling RMB751,945.81 (excluding value-added tax) incurred as of the date of this announcement in respect of the Target Land and the construction works that are in progress. The above appraisal results and the relevant design fees included in the construction works that are in progress amounted to RMB52,443,145.81 (excluding the value-added tax). Based on such amount and in combination with the value-added tax and other taxable costs, the parties confirmed that the transfer price of the target assets is RMB57,163,028.93.

The Directors consider the consideration under the Transfer Agreement is fair and reasonable. It is expected that the consideration would be funded by internal resources of Lygend Investment.

FINANCIAL IMPACT OF THE TRANSFER AGREEMENT

The Group expects to incur a loss of approximately RMB0.74 million from the transfer of the land use right of the Target Land and the construction works thereon that are in progress, being the consideration before tax (value-added tax excluded) of approximately RMB52.44 million under the Transfer Agreement less the carrying amount of the land use right and the fees included in the construction works thereon that are in progress of approximately RMB53.18 million as at the date of this announcement. The shortfall in the above losses was mainly attributable to the deed tax paid by the Group for obtaining the land use right of the Target Land for the first time. The transferee shall bear the taxes and fees for obtaining the land use right itself.

Shareholders should note that the financial impact set out above is for illustrative purposes only. The actual amount of gain or loss arising from the transfer of the land use right of the Target Land and the construction works thereon that are in progress will be included in the Group's audited financial statements and reviewed and finally audited by the Group's auditors.

The net proceeds from the transfer of the land use right of the Target Land and the construction works thereon that are in progress will be used as general working capital of the Group.

REASONS FOR AND BENEFITS OF THE TRANSFER AGREEMENT

Reference is made to the announcement of the Company dated 29 September 2023 in relation to, among other things, the Ningbo Regulatory Bureau of the China Securities Regulatory Commission giving its consent to the filing and registration of the pre-listing tutoring for the Company's proposed issuance of A-shares on a stock exchange in the PRC.

Considering that the listing applicant should better focus on its main business, the Company shall separate the part of its business involved in the construction of commercial real estate from the scope of listing on the premise of fair price and continue to retain the real estate required for operating offices.

Considering the above, the Directors (including the independent non-executive Directors) consider that although the transaction contemplated under the Transfer Agreement is not in the ordinary and usual course of business of the Group, the transaction contemplated thereunder has been negotiated on arm's length basis, on normal commercial terms, and is fair and reasonable and in the interests of the Group and the Shareholders as a whole.

DIRECTORS' CONFIRMATION

None of the Directors had any material interest in the Transfer Agreement and the transaction contemplated thereunder and hence no Director was required to abstain from voting on the relevant Board resolutions.

INFORMATION OF THE GROUP

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

INFORMATION ON THE PARTIES INVOLVED

Lygend Headquarter Management is a limited liability company established in the PRC and is a wholly-owned subsidiary of the Company. It is principally engaged in the planning and construction of the Company's headquarters building.

Lygend Investment is a limited liability company established in the PRC and is controlled by Mr. CAI Jianyong, who holds 88% of its equity interest. Mr. CAI Jianyong is an executive Director of the Company. The remaining equity interest in Lygend Investment is held by Mr. SONG Zhen, Mr. DONG Dong, Mr. CAI Jianwei, Mr. CAI Jiansong, Ms. FEI Feng, Mr. GE Kaicai and Ms. HE Xiaodan, who each individually do not hold more than 3% equity interest in Lygend Investment. Lygend Investment is a controlling shareholder of the Company, holding approximately 32.65% interest in the Company. Lygend Investment is principally an investment holding company whose investment (excluding investments in the Company) business covers property, transportation equipment manufacturing industry, medical industry, coal resource development and trading industry and limestone development and trading industry.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Lygend Investment is a controlling shareholder of the Company and indirectly holds approximately 32.65% of the issued share capital of the Company. Therefore, it is a connected person of the Company pursuant to the Listing Rules. Lygend Headquarter Management is a wholly-owned subsidiary of the Company. Accordingly, the transaction contemplated under the Transfer Agreement constitutes a connected transaction 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 is higher than 0.1% but less than 5%, the Transfer Agreement and the transaction contemplated thereunder 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 respective meanings:

“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

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Lygend Headquarter Management”	Ningbo Lygend Headquarter Management Co., Ltd.* (寧波力勤總部管理有限公司), a limited liability company established in the PRC on 10 April 2023 and a wholly-owned subsidiary of the Company
“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* (蔡建勇), one of the controlling shareholders of the Company
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Land”	a parcel of land with a site area of approximately 3,065 square meter, being the commercial part of the land parcels A3-1#/2#/3# located in the core area of East New Town, Fuming Street, Yinzhou District, Ningbo City, PRC
“Transfer Agreement”	the agreement dated 26 August 2024 entered into between Lygend Headquarter Management (as transferor), a wholly-owned subsidiary of the Company, and Lygend Investment (as transferee), a controlling shareholder of the Company in relation to the transfer of the land use right of the Target Land and the construction works thereon that are in progress
“%”	per cent.

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

The PRC, 26 August 2024

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