
HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OVERVIEW

Our Group was founded by Mr. Cai, one of our executive Directors and the chairman of our Board, in January 2009. For details of the background and industry experience of Mr. Cai, please refer to the section headed “Directors, Supervisors and Senior Management” in this prospectus.

Under the leadership of Mr. Cai, we have become a company with business across the entire nickel industry value chain, achieving a leading position in both the trading and the production of nickel products. Leveraging our in-depth industry knowledge accumulated over the years, we have built a comprehensive product and service portfolio covering multiple areas across the nickel industry value chain, from upstream sourcing of nickel resources, trading and production of nickel products, to equipment manufacturing and sale.

MILESTONES

The key milestones of the development of our Group are as follows:

<u>Year</u>	<u>Event</u>
2009	We were established as a limited liability company in the PRC under the name of “Ningbo Lygend International Trade Co., Ltd. (宁波力勤国际贸易有限公司)”, which was subsequently changed to “Ningbo Lygend Mining Co., Ltd. (宁波力勤矿业有限公司)”.

2016 Our trading volume of nickel ores for the year exceeded 8.3 million tons.

2017 We acquired a majority stake in Jiangsu Wisdom, the operating company of our manufacturing facilities in Jiangsu Province, PRC which produces ferronickel (i.e. our Jiangsu Facilities).

Our trading volume of nickel ores for the year reached 12 million tons.

2018 We acquired the remaining equity interest in Jiangsu Wisdom, which became our wholly-owned subsidiary.

We acquired a majority stake in Xi’an Pengyuan, to commence our manufacturing of nickel products production machinery and equipment.

HPL was formed as our joint venture with our Indonesian Partner.

We partnered with our Indonesian Partner in constructing a nickel hydrometallurgy plant on the Obi Island, Indonesia to produce nickel-cobalt compounds and developing the HPAL project.

2019 We partnered with our Indonesian Partner in launching the RKEF project, a nickel pyrometallurgy project on the Obi Island, Indonesia to produce ferronickel.

2020 We changed our name to “Lygend Resources & Technology Co., Ltd. (宁波力勤资源科技开发有限公司)”.

Lygend Shanghai became our wholly-owned subsidiary and is primarily responsible for facilitating our Obi Projects.

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Year	Event
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2021 We launched the first phase of operations of the HPAL project.

We were converted into a joint stock limited company with our name changed to “Lygend Resources & Technology Co., Ltd. (宁波力勤资源科技股份有限公司)”.

We acquired all issued shares of Kang Xuan Pte. Ltd. (“**Kang Xuan**”), thereby increasing our aggregate shareholding in HPL to 54.9%. HPL became our subsidiary.

ESTABLISHMENT AND MAJOR SHAREHOLDING CHANGES OF OUR COMPANY

(1) Establishment of our Company and Initial Shareholding Changes

On January 5, 2009, our Company was established as a limited liability company under the laws of the PRC, with an initial registered capital of RMB2,000,000. Our Company was then held as to (i) 90% by Mr. Cai; (ii) 5% by Mr. Song Zhen (宋臻), then a Supervisor and currently one of the deputy general managers of our Company; and (iii) 5% by Ms. Chen Xiangfeng (陳香鳳), Mr. Cai’s mother.

Following a series of share transfers by the then existing Shareholders of our Company, Lygend Investment, a company controlled by Mr. Cai, acquired the entire equity interest in our Company which was subsequently converted to a single-person limited liability company (一人有限責任公司) in March 2012.

(2) Equity Transfer to Ningbo Lizhan

On July 31, 2021, Lygend Investment, the then sole shareholder of our Company, entered into an equity transfer agreement with Ningbo Lizhan, one of its wholly-owned subsidiaries. Pursuant to such equity transfer agreement, Lygend Investment agreed to transfer its 0.197% equity interest in our Company, representing registered capital of RMB1,000,000, to Ningbo Lizhan for a consideration of RMB1,320,000. The consideration, which was determined with reference to the unaudited net asset value of the Company as of July 31, 2021, was fully settled on September 10, 2021. Following the completion of the equity transfer, our Company was converted from a single-person limited liability company (一人有限責任公司) to a limited liability company. Such equity transfer was made in preparation for the subsequent conversion of our Company into a joint stock limited company and in light of the PRC law requirement that a joint stock limited company must be incorporated by at least two promoters.

(3) Conversion into a joint stock limited company

On August 17, 2021 and September 10, 2021, our Company passed resolutions in general meeting approving (i) the conversion of our Company from a limited liability company into a joint stock limited company; and (ii) the change of name of our Company from Lygend Resources & Technology Development Co., Ltd. (宁波力勤资源科技开发有限公司) to Lygend Resources &

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Technology Co., Ltd. (宁波力勤资源科技股份有限公司), respectively. On September 16, 2021, our Company convened our founding meeting, being the first general meeting of our Company as a joint stock limited company, and passed resolutions approving the establishment of our Company as a joint stock limited company and the relevant documents. The audited net assets of RMB594,360,000 of our Company as at August 31, 2021 were converted into 508,000,000 Domestic Shares of RMB1.00 per Share, with the remaining RMB86,360,000 in net assets included as capital reserves of our Company.

Upon completion of the conversion, the registered capital of our Company became RMB508,000,000 divided into 508,000,000 Domestic Shares with a nominal value of RMB1.00 each, which were subscribed by the then Shareholders in proportion to their respective equity interests in our Company before the conversion. The conversion was completed on September 16, 2021 and we received a new business license.

(4) Other Key Shareholding Changes

September 2021 Capital Increase

Pursuant to resolutions in general meeting of our Company dated September 23, 2021, the registered capital of our Company was increased from RMB508,000,000 to RMB1,028,300,000. Mr. Cai, Mr. Song Zhen (宋臻), Mr. Dong Dong (董栋), Mr. Cai Jianwei (蔡建威), Mr. Cai Jiansong (蔡建松), Ms. Fei Feng (费凤), Mr. Ge Kaicai (葛凯财), Ms. He Xiaodan (何晓丹) agreed to subscribe for the increased registered capital of RMB520,300,000 for an amount of RMB535,700,880, RMB18,262,530, RMB12,175,020, RMB12,175,020, RMB9,131,265, RMB9,131,265, RMB9,131,265 and RMB3,043,755, respectively. Aside from Mr. Cai Jiansong, who is the brother of Mr. Cai and the chairman of the board of directors of one of our subsidiaries, Jiangsu Wisdom, and Ms. He Xiaodan, who is a director of one of our subsidiaries, Lida Logistics, and a supervisor of another one of our subsidiaries, Ningbo Yiwei Mining Co., Ltd. (宁波毅威矿业有限公司), the remaining individuals were either Directors, Supervisors or members of the senior management of our Company. The aggregate amount paid was RMB608,751,000, of which RMB88,451,000 was included as capital reserves of our Company. The consideration was determined based on arm's length negotiations between our Company and the relevant individuals, with reference to the audited net asset value of the Company as of August 31, 2021 based on a PRC statutory audit report, and was fully settled by September 28, 2021.

As of the Latest Practicable Date, (i) Mr. Cai (directly and indirectly) held approximately 70.17% equity interest in our Company; and (ii) Mr. Song Zhen, Mr. Dong Dong, Mr. Cai Jianwei, Mr. Cai Jiansong, Ms. Fei Feng, Mr. Ge Kaicai and Ms. He Xiaodan individually held approximately 1.18%, 0.79%, 0.79%, 0.59%, 0.59%, 0.59% and 0.20% equity interest in our Company, respectively.

Mr. Cai's Equity Transfer

Pursuant to an equity transfer agreement dated November 26, 2021, Mr. Cai transferred part of his equity interest in our Company amounting to a registered capital of RMB30,849,000 to his

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spouse, Ms. Xie Wen (謝雯), and part of his equity interest in our Company amounting to a registered capital of RMB10,283,000 to his daughter, Ms. Cai Xiaou (蔡曉鷗) (together, “**Mr. Cai’s Equity Transfer**”). The equity transfers were made for nil consideration, as the transfers were made as a gift.

As of the Latest Practicable Date, Ms. Xie Wen and Ms. Cai Xiaou individually held approximately 2.34% and 0.78% equity interest in our Company.

(5) Pre-IPO Investment

Pursuant to a capital increase agreement dated November 8, 2021 entered into by and amongst Feng Yi, our then Shareholders and our Company, the registered capital of our Company was increased by RMB263,553,750, which Feng Yi agreed to subscribe for at a total amount of RMB590,000,000, which was settled fully by cash consideration paid by Feng Yi to our Company by December 23, 2021. As of the Latest Practicable Date, the net proceeds from the Pre-IPO Investment had been fully utilized for general working capital purposes.

The cost per Share paid by Feng Yi was RMB2.24, representing an approximate 86.07% discount to the Offer Price (assuming the Offer Price is fixed at HK\$17.78, being the mid-point of the Offer Price range). The consideration was a commercial agreement reached by our Company and Feng Yi based on arm’s length negotiations. The Company had taken into account, amongst others, (i) the appraised valuation of the entire equity interest in our Company being RMB2,520 million as at June 30, 2021 (which was based on, among others, the status of the business operations and financial performance of the Group at the time); (ii) the contributions of our Indonesian Partner to the Obi projects, in particular, the substantial financial risks undertaken by it in securing financing for the Obi projects; (iii) the strategic benefits of having Feng Yi as a Shareholder, as detailed in the subsection headed “Strategic benefits of the Pre-IPO Investment” below; (iv) the consideration for acquiring Kang Xuan from Feng Yi and our resulting ability to exercise control in HPL, as detailed in the subsection headed “Strategic Acquisitions — Formation and Increase in Shareholding of HPL” in this section; and (v) the business prospects of HPL. In light of the aforementioned considerations, we believe that despite the significant discount to the Offer Price, the Pre-IPO Investment is in the commercial interests of our Group.

Shareholding interest in our Company

Feng Yi held 20.00% equity interest in our Company as of the Latest Practicable Date, and shall hold approximately 17.00% equity interest in our Company upon Listing (assuming the Over-allotment Option is not exercised). For further details, please refer to the sub-section headed “Public Float” of this section and the section headed “Substantial Shareholders” in this prospectus.

Information about the Pre-IPO Investor

Feng Yi is a limited company incorporated in Singapore on June 14, 2021 and is principally an investment holding company. It is a wholly-owned subsidiary of Oakwood Group Ltd., an

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investment holding company which is solely held by Ms. Lim Shu Hua, Cheryl (“**Ms. Lim**”). The ultimate beneficial owners of our Indonesian Partner, with which we have been jointly developing the Obi projects, are family members of Ms. Lim.

Strategic benefits of the Pre-IPO Investment

At the time of the Pre-IPO Investment, our Directors were of the view that we could benefit from the additional funds provided by Feng Yi. In addition, our Directors were of the view that the Pre-IPO Investment demonstrates the confidence of our Indonesian Partner, which is affiliated with Feng Yi, in the overall prospects of our Group and enhances our Indonesian Partner’s economic alignment with our Shareholders. The business development of our Group can also benefit from the knowledge, experience and local reputation of our Indonesian Partner within the Indonesian nickel ore mining business sector.

At around the same time as the Pre-IPO Investment, Feng Yi separately sold 18.0% shareholding in HPL to our Company, which enabled us to exercise control in HPL. For further details, please see the subsection headed “Strategic Acquisitions — Formation and Increase in Shareholding of HPL” in this section below.

Rights of the Pre-IPO Investor

No special rights were granted to Feng Yi in connection with its investment in our Company.

Lock-up Period

Pursuant to the applicable PRC law, within the 12 months following the Listing Date, Feng Yi cannot dispose of any of the Shares held by it.

Joint Sponsors’ Confirmation

On the basis that the consideration was settled more than 28 clear days before the date of submission of our listing application to the Stock Exchange and no special rights were granted to the Pre-IPO Investor, the Joint Sponsors confirm that the investment by the Pre-IPO Investor is in compliance with the Interim Guidance on Pre-IPO Investment issued by the Stock Exchange on October 14, 2010, Guidance Letter HKEX-GL29-12 issued by the Stock Exchange on January 2012 and updated in March 2017 and Guidance Letter HKEX-GL43-12 issued by the Stock Exchange in October 2012 and updated in July 2013 and in March 2017.

EMPLOYEE SHAREHOLDING PLATFORMS

In recognition of the contributions of our employees and to incentivize them to further promote our development, Ningbo Litai, Ningbo Yangcheng, Ningbo Xinpan and Ningbo Yufeng were each established in the PRC as our employee incentive platforms (“**Employee Incentive Platforms**”).

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(1) Ningbo Litai

Ningbo Litai was established as a limited liability partnership under the laws of the PRC on November 29, 2021. Ms. Fei Feng, one of our executive Directors, is the general partner and the executive partner responsible for the management of Ningbo Litai. As of the Latest Practicable Date, Ningbo Litai had seven limited partners, including Mr. Yu Weijun (one of our executive Directors and deputy general managers) and Ms. Hu Zhinong (one of our Supervisors) and five other employees of our Group. As of the Latest Practicable Date, Ningbo Litai held approximately 0.27% equity interest in our Company. Ningbo Litai subscribed for such equity interest at a consideration of RMB10,902,200, which was determined with reference to the appraised value per Share of the Company as of September 30, 2021. The voting rights attaching to the Shares held by Ningbo Litai are exercised by the executive partner of Ningbo Litai in accordance with the partnership agreement entered into among the general and limited partners of Ningbo Litai.

(2) Ningbo Yangcheng

Ningbo Yangcheng was established as a limited liability partnership under the laws of the PRC on November 29, 2021. Ms. Fei Feng, one of our executive Directors, is the general partner and the executive partner responsible for the management of Ningbo Yangcheng. As of the Latest Practicable Date, Ningbo Yangcheng had 35 limited partners, including Mr. Jiang Xinfang (one of our executive Directors and our general manager), Mr. Liu Feng (one of our deputy general managers) and 33 other employees of our Group. As of the Latest Practicable Date, Ningbo Yangcheng held approximately 0.99% equity interest in our Company. Ningbo Yangcheng subscribed for such equity interest at a consideration of RMB39,592,200, which was determined with reference to the appraised value per Share of the Company as of September 30, 2021. The voting rights attaching to the Shares held by Ningbo Yangcheng are exercised by the executive partner of Ningbo Yangcheng in accordance with the partnership agreement entered into among the general and limited partners of Ningbo Yangcheng.

(3) Ningbo Xinpan

Ningbo Xinpan was established as a limited liability partnership under the laws of the PRC on November 29, 2021. Ms. Fei Feng, one of our executive Directors, is the general partner and executive partner responsible for the management of Ningbo Xinpan. As of the Latest Practicable Date, Ningbo Xinpan had 45 limited partners, all of whom were employees of our Group. As of the Latest Practicable Date, Ningbo Xinpan held approximately 0.14% equity interest in our Company. Ningbo Xinpan subscribed for such equity interest at a consideration of RMB5,692,700, which was determined with reference to the appraised value per Share of the Company as of September 30, 2021. The voting rights attaching to the Shares held by Ningbo Xinpan are exercised by the executive partner of Ningbo Xinpan in accordance with the partnership agreement entered into among the general and limited partners of Ningbo Yangcheng.

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(4) Ningbo Yufeng

Ningbo Yufeng was established as a limited liability partnership under the laws of the PRC on November 29, 2021. Ms. Fei Feng, one of our executive Directors, is the general partner and executive partner responsible for the management of Ningbo Yufeng. As of the Latest Practicable Date, Ningbo Yufeng had 45 limited partners, including Mr. Wang Ling (our financial controller) and 44 other employees of our Group. As of the Latest Practicable Date, Ningbo Yufeng held approximately 0.55% equity interest in our Company. Ningbo Yufeng subscribed for such equity interest at a consideration of RMB22,076,200, which was determined with reference to the appraised value per Share of the Company as of September 30, 2021. The voting rights attaching to the Shares held by Ningbo Yufeng are exercised by the executive partner of Ningbo Yufeng in accordance with the partnership agreement entered into among the general and limited partners of Ningbo Yufeng.

For further details on the Employee Incentive Platforms, please refer to the section headed “Statutory and General Information — D. Share Incentive Scheme” in Appendix VII to this prospectus.

STRATEGIC ACQUISITIONS

Acquisition of Jiangsu Wisdom

With the deep industry experience we have accumulated in the trading of nickel products, we tapped into the production of nickel products through our acquisition of Jiangsu Wisdom, the operating company of our Jiangsu Facilities. As of the Latest Practicable Date, our Jiangsu Facilities host three production lines that produce ferronickel using the RKEF process, with an aggregate designed production capacity of 18,000 metal tons of ferronickel per annum. The following table sets forth further details of such acquisitions.

<u>Date of equity transfer agreement</u>	<u>Completion and/or consideration settlement date</u>	<u>Interests acquired</u>	<u>Description of business activities of target</u>	<u>Transferor</u>	<u>Amount of consideration</u>
September 18, 2017	Completion occurred on October 11, 2017.	58% of the equity interest in Jiangsu Wisdom	Production of ferronickel	Lygend Investment, one of our Controlling Shareholders	N/A — the equity interest was transferred as part of a capital increase by Lygend Investment in our Company, following which the registered capital of our Company increased by RMB58,000,000

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<u>Date of equity transfer agreement</u>	<u>Completion and/or consideration settlement date</u>	<u>Interests acquired</u>	<u>Description of business activities of target</u>	<u>Transferor</u>	<u>Amount of consideration</u>
March 6, 2018	Completion occurred on March 13, 2018. The last installment of the consideration was paid on April 12, 2019.	42% of the equity interest in Jiangsu Wisdom		Mr. JIN Wei (金威), an Independent Third Party	RMB82,250,000 settled fully by cash consideration

The amount of capital increase in September 2017 in return for equity interest in Jiangsu Wisdom and the consideration of the above acquisition in March 2018 was determined based on arm's length negotiations between our Company and the relevant party. In particular, the increase in our Company's registered capital was determined considering the amount of Jiangsu Wisdom's paid-up registered capital attributable to the 58% equity interest in Jiangsu Wisdom (i.e. RMB58,000,000). The consideration for the acquisition of the remaining 42% equity interest was determined with reference to among others, the book value of net assets of Jiangsu Wisdom as at February 28, 2018, the status of business operations and financial performance of Jiangsu Wisdom. The above acquisitions had been properly and legally completed and settled and all necessary approvals from the relevant authorities have been obtained.

Acquisition of Xi'an Pengyuan

To support our production of nickel products and the operation of our Obi projects, we acquired a majority stake in Xi'an Pengyuan, a manufacturer of machinery and equipment for the production of nickel products. The majority stake was partially acquired by our capital injection in Xi'an Pengyuan for registered capital of RMB5,000,000 and partially acquired by equity transfers from certain then existing shareholders of Xi'an Pengyuan for nil consideration. The following table sets forth further details of such acquisition.

<u>Date of equity transfer agreement and shareholders resolution</u>	<u>Completion and consideration settlement date</u>	<u>Interests acquired</u>	<u>Description of business activities of target</u>	<u>Transferors</u>	<u>Amount of consideration</u>
June 5, 2018	Completion occurred on June 29, 2018. The consideration was settled on August 7, 2018.	The equity interest acquired by way of capital injection and equity transfer represented 50% and 20% of the equity interest in Xi'an Pengyuan (post-transaction),	Manufacturing of nickel products production machinery and equipment	For the equity transfers, (i) Mr. LIU Xuan Liang (劉煊亮), director of Xi'an Pengyuan,	RMB5,000,000 for the capital injection which was settled fully by cash consideration. Nil consideration for each of the equity transfers.

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Date of equity transfer agreement and shareholders resolution	Completion and consideration settlement date	Interests acquired	Description of business activities of target	Transferors	Amount of consideration
		respectively, amounting to an aggregate of 70% of the equity interest in Xi'an Pengyuan (post-transaction)		(ii) Mr. CHENG Gang (程剛), supervisor of Xi'an Pengyuan, and (iii) Mr. FENG Jinglong (馮景龍), who is an Independent Third Party.	

The amount of the above capital injection was determined based on arm's length negotiations between our Company and the then existing shareholders of Xi'an Pengyuan with reference to, among others, the registered capital of Xi'an Pengyuan before our acquisition (i.e. RMB5,000,000), the status of business operations and financial performance of Xi'an Pengyuan. No consideration was required for the equity transfers given that the relevant equity interest acquired by our Company in Xi'an Pengyuan had not yet been paid up by the then existing shareholders of Xi'an Pengyuan at the time of the equity transfer. The above acquisition had been properly and legally completed and settled and all necessary approvals from the relevant authorities have been obtained.

Formation and Increase in Shareholding of HPL

We initially cooperated with our Indonesian Partner in 2010 with respect to our nickel ore trading business, whereby we sourced nickel ore resources from mines located in Indonesia owned by our Indonesian Partner. Building on the successful collaboration with our Indonesian Partner and in view of the business opportunities presented by the rapid growth in the NEV industry, as well as our expertise in the pyrometallurgy process for nickel products accumulated from the operation of our Jiangsu Facilities, in 2018 we decided to further develop our business cooperation with our Indonesian Partner and jointly invest in nickel product production projects on the Obi Island, Indonesia.

In July 2018, HPL was established by our Company and our Indonesian Partner as a joint venture company, with the aim of building and running a high pressure acid leaching nickel project on the Obi Island, Indonesia. The HPAL project was our Company's first overseas nickel product production project, and hence our Indonesian Partner's reputation, connections and experience within the Indonesian nickel ore mining business sector were particularly important at the initial stage of establishment of this project. Accordingly, at the time of its establishment, HPL was held as to 36.9% by our Company and as to 63.1% by our Indonesian Partner and HPL's board of five directors comprised 2 directors appointed by our Company and 3 directors appointed by our Indonesian Partner.

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On one hand, we took the lead in terms of the operations of the HPAL project (phases I and II of which are operated by HPL). We have been primarily responsible for project planning and design, the construction of the production lines and other facilities, the purchase of relevant equipment, and once production commenced, the operation of the facilities, production activities, R&D and product sales. We have therefore developed an in depth understanding of HPL’s production lines. On the other hand, our Indonesian Partner has been primarily responsible for securing external financing for HPL, supplying nickel ore resources and obtaining relevant local licenses, permits and approvals. For further details, please refer to the section headed “Business — Collaboration with our Indonesian Partner” in this prospectus.

Given the continued success of our collaboration with our Indonesian Partner, as evident from the smooth development and operations of the Obi projects, we and our Indonesian Partner agreed to further develop our business relationship by way of mutual acquisition arrangements, whereby we would acquire a controlling stake in HPL and our Indonesian Partner (through Feng Yi) would acquire equity interest in our Company. Therefore on November 8, 2021, we made the strategic decision to increase our shareholding in HPL by 18.0% from 36.9% to 54.9% through our acquisition of Kang Xuan. We also appointed two additional directors to HPL’s board of directors in November 2021. The following table sets forth details of such acquisition.

Date of sale and purchase agreement	Completion and consideration settlement date	Interests acquired	Description of business activities of target	Transferor	Amount of consideration
November 8, 2021	Completion occurred on November 29, 2021. The last installment of the consideration was paid on December 24, 2021.	100% of the issued shares in Kang Xuan	Holding company and was the legal and beneficial owner of an 18.0% shareholding interest in HPL immediately prior to the acquisition	Feng Yi, an entity affiliated with our Indonesian Partner. For further details, please refer to the subsection headed “— Establishment and Major Shareholding Changes of our Company — (5) Pre-IPO Investment” in this section above.	RMB590,000,000 settled fully by cash consideration paid by our Company to Feng Yi.

The consideration of the above acquisition was determined after arm’s length negotiations among the parties with reference to, among others, the appraised valuation of the entire equity interest in Kang Xuan being RMB590,000,000 as at September 30, 2021.

The above acquisition had been properly and legally completed and settled and all necessary approvals from the relevant authorities have been obtained. Further, pursuant to the Administrative Measures for the Overseas Investment of Enterprises (《企業境外投資管理辦法》) promulgated by the

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NDRC and Administrative Measures for Overseas Investment Management (《境外投資管理辦法》) promulgated by the MOFCOM (the “ODI Rules”), a domestic institution shall undergo relevant registration procedures foreign investment in accordance with the provisions of the ODI Rules. As advised by our PRC Legal Advisor, our Company has completed the overseas direct investment registration with the local MOFCOM and NDRC in December 2021 in relation to the offshore investment in Kang Xuan and pursuant to the ODI Rules.

Our acquisition of Kang Xuan to achieve a majority stake in HPL has enabled our Group to consolidate HPL into our Group and exercise a greater control over HPL. This strategic decision was in line with our Company’s business plans at the time of setting up the HPAL project, given the synergistic effect of HPL’s expanding production lines for nickel-cobalt compounds with our Group’s business in the nickel industry value chain. As our Group has been leading the project planning, operations and production activities of HPL and thereby possessed the relevant technical and business expertise, it was also natural and mutually beneficial for us to acquire a majority stake in HPL.

It was an overall commercial decision reached between us and our Indonesian Partner that whilst our Indonesian Partner agreed to our acquisition of a controlling stake in HPL, we agreed to the subscription of 20% equity interest in our Company at around the same time by Feng Yi, the seller in the context of our above acquisition and an affiliated entity of our Indonesian Partner. For further details, please refer to the subsection headed “Establishment and Major Shareholding Changes of our Company — (5) Pre-IPO Investment” in this section above.

Since the percentage ratios applicable to the above acquisition under Rule 14.07 of the Listing Rules are more than 25%, pre-acquisition financial information on HPL from the commencement of the Track Record Period to the date of acquisition is accordingly disclosed in this prospectus under Rule 4.05A of the Listing Rules and accordingly set out in Appendix IB.

DISPOSAL OF XIANGXIANG ENTERPRISE

Until December 2019, Xiangxiang Enterprise operated a manufacturing facility with two ferronickel production lines located in the Suqian Economic and Technological Development Zone (the “**Xiangxiang Facilities**”). As such economic development zone had over the years become increasingly focused on retaining enterprises that fall within certain specific industries, such as food and beverages, smart appliances and digital information, the continued operations of the Xiangxiang Facilities was no longer in line with such industry positioning. Accordingly, after consulting the relevant governmental authorities, we made a strategic decision to discontinue the operations of the Xiangxiang Facilities in December 2019 and to centralize our ferronickel productions in China at our Jiangsu Facilities.

Given that Xiangxiang Enterprise no longer had business operations after the closure of the Xiangxiang Facilities, pursuant to an equity transfer agreement dated November 26, 2020, we transferred the entire equity interest in Xiangxiang Enterprise to Lygend Investment (one of our

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Controlling Shareholders) in December 2020 to streamline our Group structure. The consideration of approximately RMB164.5 million was determined after arm’s length negotiations with reference to the appraised valuation of the entire equity interest in Xiangxiang Enterprise as at October 31, 2020, and was fully settled by December 18, 2020. Such disposal had been properly and legally completed and settled and all necessary approvals from the relevant authorities have been obtained.

From the commencement of the Track Record Period until its disposal in December 2020, Xiangxiang Enterprise had not encountered any financial difficulties and, to the best of our knowledge, was not involved in any material non-compliance, claims or litigations, which could have a material adverse effect on our financial condition or results of operations. For further information on Xiangxiang Enterprise, please see “Business — Production of Nickel Products — Production of Ferronickel”.

OUR MAJOR SUBSIDIARIES AND MAJOR ASSOCIATE

Details of the major subsidiaries of our Company which, among other things, made a material contribution to our results of operations during the Track Record Period, and major associate are set out below.

Company name	Place of establishment	Date of establishment	Registered/issued capital as of the Latest Practicable Date ⁽¹⁾	Principal business activities	Equity interest attributable to our Group as of the Latest Practicable Date
<i>Our major subsidiaries</i>					
Jiangsu Wisdom	PRC	March 21, 2011	RMB120,000,000	Production of ferronickel	100%
Ningbo Yiwei Mining Co., Ltd.	PRC	October 15, 2015	RMB2,000,000	Import of machinery and equipment	100%
Hong Kong Bwhale	Hong Kong	March 29, 2016	USD1,000,000	Vessel subleasing	100%
Xi’an Pengyuan	PRC	February 20, 2017	RMB50,000,000	Manufacture and sale of machinery and equipment	70%
Ningbo Huiran	PRC	June 7, 2017	RMB1,000,000	Trading of laterite nickel ore and ferronickel	100%
Lygend Shanghai	PRC	June 11, 2018	RMB20,000,000	Project design and R&D	100%
HPL	Indonesia	July 27, 2018	IDR5,030,000,000,000	Production of nickel-cobalt compounds	54.9%
Lygend Singapore	Singapore	August 16, 2018	USD2,000,000	Trading of laterite nickel ore and ferronickel	100%

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Company name	Place of establishment	Date of establishment	Registered/issued capital as of the Latest Practicable Date ⁽¹⁾	Principal business activities	Equity interest attributable to our Group as of the Latest Practicable Date
Ningbo Lygend New Energy Co., Ltd.	PRC	September 30, 2020	RMB200,000,000	New energy technological development	100%
Lida Logistics	PRC	March 17, 2021	RMB100,000,000	Logistics services	100%
Kang Xuan	Singapore	June 14, 2021	USD66,062,412	Investment holding	100%
<i>Our major associate</i>					
HJF	Indonesia	December 12, 2019	IDR 3,570,000,000,000	Production of ferronickel	36.9%

Notes:

- (1) This column sets out registered capital of the entities established in the PRC and the issued capital of the remaining entities, as of the Latest Practicable Date.
- (2) All of the entities stated in this table are private companies.

PUBLIC FLOAT

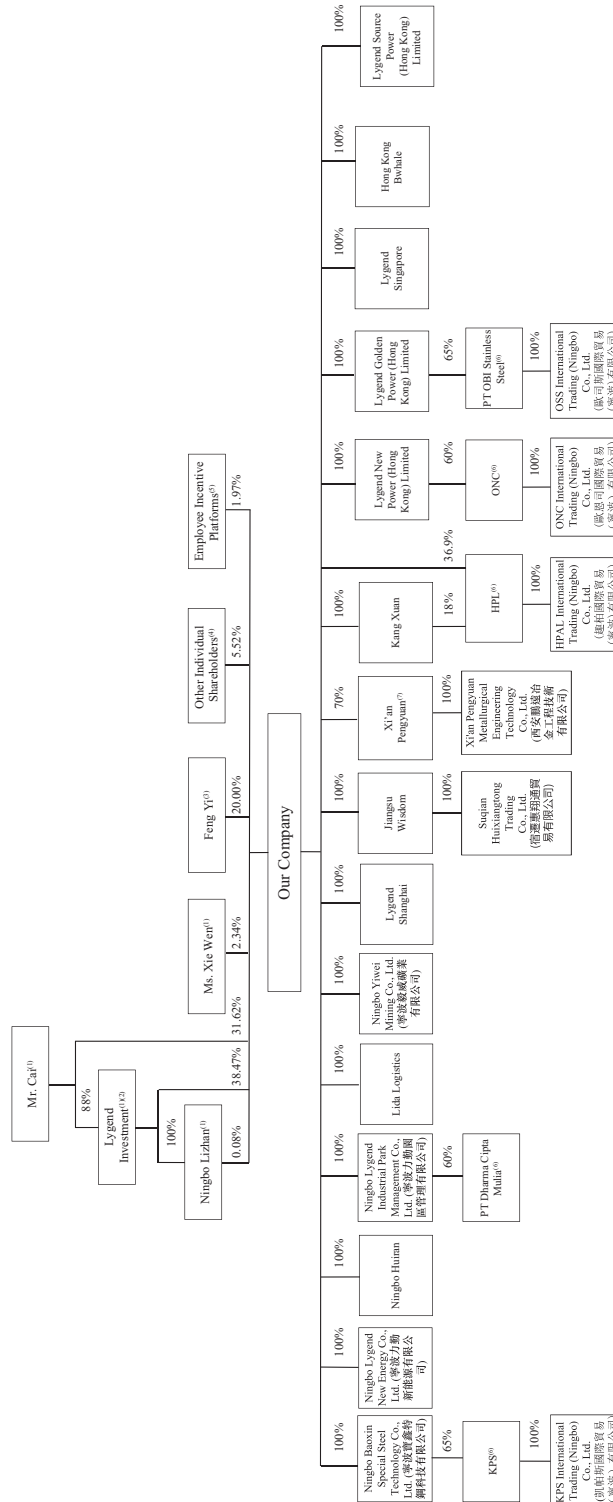
The 1,317,768,750 Unlisted Shares held by all the Shareholders immediately prior to the Listing, comprising 263,553,750 Unlisted Foreign Shares held by the Pre-IPO Investor and 1,054,215,000 Domestic Shares held by all remaining Shareholders, represent approximately 85.00% of our total share capital upon Listing (assuming the Over-allotment Option is not exercised), or approximately 83.13% of our total share capital upon exercise of the Over-allotment Option in full. As the 1,317,768,750 Unlisted Shares will not be converted into H Shares and listed following the completion of the Global Offering, they will not be counted towards the public float for the purpose of the Listing Rules.

Based on the above, it is expected that immediately following completion of the Global Offering and assuming the Over-allotment Option is not exercised, the total number of listed H Shares of our Company held by the public will represent 15.00% of the total share capital of our Company.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

CORPORATE STRUCTURE

The structure chart below sets out our simplified shareholding and corporate structure as of the Latest Practicable Date:



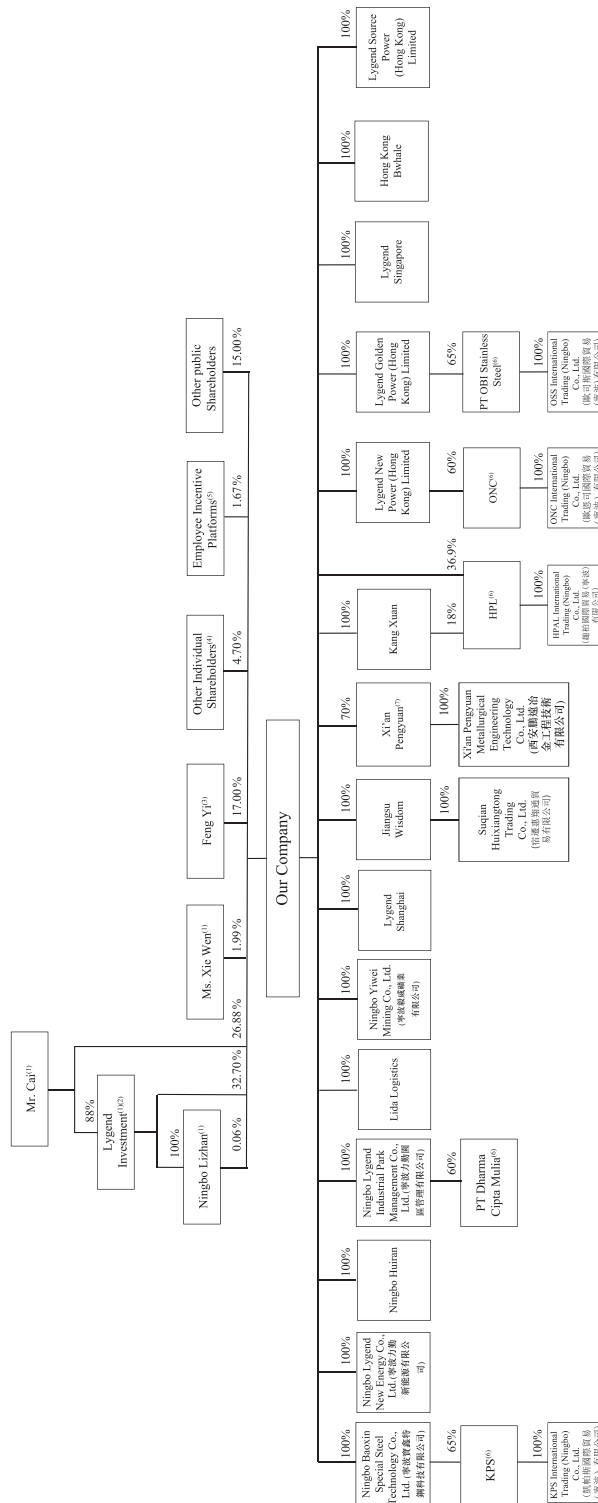
HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Notes:

- (1) As of the Latest Practicable Date, Mr. Cai, one of our executive Directors and chairman of the Board, directly held 416,732,000 Domestic Shares as beneficial owner. Further, as of the Latest Practicable Date, Lygend Investment, which was held as to 88% by Mr. Cai, directly held 507,000,000 Domestic Shares as beneficial owner, and also indirectly held 1,000,000 Domestic Shares through its wholly-owned subsidiary, Ningbo Lizhan. As of the Latest Practicable Date, Ms. Xie Wen, who is the spouse of Mr. Cai, directly held 30,849,000 Domestic Shares as beneficial owner. For further details, see section headed “Relationship with our Controlling Shareholders” in this prospectus.
- (2) 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 (collectively, the “**Other Shareholders**”), who each individually do not hold more than 3% equity interest in Lygend Investment as of the Latest Practicable Date. Aside from Mr. Cai Jiansong, who is the brother of Mr. Cai and the chairman of the board of directors of one of our subsidiaries, and Ms. He Xiaodan, who is a director of one of our subsidiaries and a supervisor of another one of our subsidiaries, these individuals are either Directors, Supervisors or members of the senior management of our Company.
The Other Shareholders are not considered as part of the group of controlling shareholders of our Company, on the basis that (i) the shareholding of the Other Shareholders in Lygend Investment, as stated above, is immaterial; (ii) it is not the case where the Other Shareholders have agreed to restrict their ability to exercise direct control over our Company by holding their interests through a common investment holding company; (iii) each of the Other Shareholders do not hold more than 2% equity interest in our Company as of the Latest Practicable Date and in any event, is not in a position to exercise control over our Company; (iv) each of the Other Shareholders subscribed for the equity interest in Lygend Investment and our Company using his/her own funds, and exercised his/her voting rights in Lygend Investment and our Company independently without seeking concurrence of each other; (v) there is not, and had not been, any formal or informal arrangements amongst Mr. Cai and the Other Shareholders, or any consensus building process adopted by them in order to arrive at voting or business decisions in respect of Lygend Investment or our Company; and (vi) each of the Other Shareholders is not a close associate of Mr. Cai.
- (3) For details of Feng Yi, please refer to the sub-section headed “Establishment and Major Shareholding Changes of our Company — (5) Pre-IPO Investment” in this section above.
- (4) This includes Mr. Song Zhen, Mr. Dong Dong, Mr. Cai Jianwei, Mr. Cai Jiansong, Ms. Fei Feng, Mr. Ge Kaicai, Ms. He Xiaodan and Ms. Cai Xiaou, each respectively holding approximately 1.18%, 0.79%, 0.79%, 0.59%, 0.59%, 0.59%, 0.20% and 0.78% equity interest in our Company as of the Latest Practicable Date. For further details, please refer to the sub-section headed “Establishment and Major Shareholding Changes of our Company — (4) Other Key Shareholding Changes” in this section above.
- (5) Ningbo Litai, Ningbo Yangcheng, Ningbo Xinpan and Ningbo Yufeng are our Employee Incentive Platforms. The eligible participants of the Pre-IPO Share Incentive Scheme include our Directors, Supervisors, senior management and employees. For further details, please refer to the subsection headed “Employee Shareholding Platforms” in this section above.
- (6) PT Trimegah Bangun Persada, a limited liability company established in Indonesia which is not an Independent Third Party, holds the remaining 45.1% shareholding interest in HPL, the remaining 40.0% interest in PT Dharma Cipta Mulia, and the remaining 35.0% interest in each of KPS and PT Obi Stainless Steel. It also holds 10.0% interest in ONC, with the remaining 30.0% interest in ONC held by Li Yuen Pte. Ltd., which is indirectly solely held by Ms. Lim. Further, it is indirectly interested in the remaining 63.1% shareholding interest in HJF, an associate of our Company.
- (7) Ningbo Yike Enterprise Management Co., Ltd. (寧波宜科企業管理有限公司) (“**Ningbo Yike**”), Ningbo Yuanhua Enterprise Management Co., Ltd (寧波媛華企業管理有限公司) (“**Ningbo Yuanhua**”) and Ningbo Yueming Enterprise Management Co., Ltd (寧波悅銘企業管理有限公司) (“**Ningbo Yueming**”) hold the remaining 12.0%, 9.0% and 9.0% of Xi’an Pengyuan, respectively. Ningbo Yike and Ningbo Yueming are controlled by a director of Xi’an Pengyuan, Mr. Liu Xuan Liang (劉煊亮), and a supervisor of Xi’an Pengyuan, Mr. Cheng Gang (程剛), respectively, whereas Ningbo Yuanhua is an Independent Third Party controlled by Mr. Feng Jinglong (馮景龍).

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

The chart below sets out our simplified shareholding and corporate structure immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised):



HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Notes:

(1) to (3) See page 209 for notes (1) to (3).

(4) This includes Mr. Song Zhen, Mr. Dong Dong, Mr. Cai Jianwei, Mr. Cai Jiansong, Ms. Fei Feng, Mr. Ge Kaicai, Ms. He Xiaodan and Ms. Cai Xiaoou each respectively holding approximately 1.0%, 0.67%, 0.67%, 0.5%, 0.5%, 0.5%, 0.2% and 0.66% equity interest in our Company immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised).

(5) This includes Ningbo Litai, Ningbo Yangcheng, Ningbo Xinpan and Ningbo Yufeng, each respectively holding 0.23%, 0.85%, 0.12% and 0.47% equity interest in our Company immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised). For further details, please refer to the subsection headed “Employee Shareholding Platforms” in this section above.

(6) to (7) See page 209 for notes (6) to (7).