

A. FURTHER INFORMATION ABOUT OUR GROUP**1. Incorporation of Our Company**

Our Company was established as a limited liability company in the PRC on January 5, 2009 and converted into a joint stock limited liability company in the PRC on September 16, 2021.

We have established a place of business in Hong Kong at 46/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, and was registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on December 16, 2021 under the same address. Ms. Tang Wing Shan Winza has been appointed as our authorized representative for the acceptance of service of process and notices on our behalf in Hong Kong.

As we are established in the PRC, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of relevant aspects of laws and regulations of the PRC and the Articles of Association is set out in Appendix V and Appendix VI to this prospectus, respectively.

2. Changes in our share capital

The following sets out the changes in our Company's share capital within the two years immediately preceding the issue of this prospectus:

- On September 16, 2021, our Company was converted into a joint stock company with limited liability under PRC law. Upon completion of such conversion, the registered capital of our Company was RMB508,000,000 divided into 508,000,000 Domestic Shares with a nominal value of RMB1.00 each.
- On September 24, 2021, the registered capital of our Company was increased from RMB508,000,000 to RMB1,028,300,000.
- On November 29, 2021, the registered capital of our Company was increased from RMB1,028,300,000 to RMB1,054,215,000.
- On December 7, 2021, the registered capital of our Company was increased from RMB1,054,215,000 to RMB1,317,768,750.

Save as disclosed above, there has been no alteration in our share capital within the two years immediately preceding the date of this prospectus.

3. Changes in the share capital of our subsidiaries

The following sets out the changes in the share capital of our subsidiaries during the two years immediately preceding the date of this prospectus:

- On December 30, 2020, the authorized capital and issued and paid-up capital of HPL was increased from IDR5,000,000,000,000 to IDR6,000,000,000,000 and from IDR3,200,000,000,000 to IDR4,330,000,000,000, respectively.
- On January 19, 2021, the authorized capital and issued and paid-up capital of PT Dharma Cipta Mulia was increased from IDR5,000,000,000 to IDR10,100,000,000 and from IDR1,250,000,000 to IDR2,525,000,000, respectively.
- On June 14, 2021, Kang Xuan Pte. Ltd. allotted and issued 1,000 shares upon its incorporation.
- On June 25, 2021, the registered capital of Xi'an Pengyuan was increased from RMB10,000,000 to RMB50,000,000.
- On September 20, 2021, the issued and paid-up capital of HPL was increased from IDR4,330,000,000,000 to IDR5,030,000,000,000.
- On November 22, 2021, Kang Xuan Pte. Ltd. allotted and issued 66,061,412 shares, thereby increasing its share capital to 66,062,412 shares.

Save as disclosed above, there has been no alteration in the share capital of our subsidiaries within two years immediately preceding the date of this prospectus.

4. Resolutions of our Shareholders

At the extraordinary general meeting of our Company held on December 31, 2021, the following resolutions, among other things, were duly passed:

- (a) the issue of H Shares by our Company of nominal value of RMB1.00 each and such H Shares be listed on the Stock Exchange;
- (b) the number of H Shares to be issued shall not be more than 15% of the total share capital of our Company as enlarged by the Global Offering, and the grant of the Over-allotment Option of not more than 15% of the number of H Shares issued pursuant to the Global Offering;
- (c) authorization of the Board and its authorized persons to handle all matters relating to, among other things, the issue and the listing of the H Shares; and

- (d) the adoption of the Articles of Association which shall become effective on the Listing Date, and authorization to the Board to amend the Articles of Association.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years preceding the date of this prospectus that are or may be material:

- (a) the capital increase agreement entered into among our Company, Lygend Investment, Ningbo Lizhan, Cai Jianyong (蔡建勇), Song Zhen (宋臻), Dong Dong (董栋), Cai Jianwei (蔡建威), Cai Jiansong (蔡建松), Fei Feng (费凤), Ge Kaicai (葛凯财) and He Xiaodan (何晓丹) dated September 23, 2021, pursuant to which Cai Jianyong, Song Zhen, Dong Dong, Cai Jianwei, Cai Jiansong, Fei Feng, Ge Kaicai and He Xiaodan agreed to contribute an aggregate of RMB608.751 million to the registered capital and capital reserves of our Company, and thereby acquiring an approximately 50.6% shareholding interest in our Company;
- (b) the sale and purchase agreement entered into among our Company and Feng Yi Pte. Ltd. dated November 8, 2021, pursuant to which our Company agreed to purchase and Feng Yi Pte. Ltd. agreed to sell the entire issued and paid-up share capital of Kang Xuan Pte. Ltd. for a consideration of RMB590 million;
- (c) the capital increase agreement entered into among our Company, Feng Yi Pte. Ltd., Lygend Investment, Ningbo Lizhan, Cai Jianyong (蔡建勇), Song Zhen (宋臻), Dong Dong (董栋), Cai Jianwei (蔡建威), Cai Jiansong (蔡建松), Fei Feng (费凤), Ge Kaicai (葛凯财) and He Xiaodan (何晓丹) dated November 8, 2021, pursuant to which Feng Yi Pte. Ltd. agreed to contribute RMB590 million to the registered capital and capital reserves of our Company and thereby acquiring a 20% shareholding interest in our Company;
- (d) the sixth amendment to the shareholders agreement dated May 29, 2018, addendum dated July 4, 2018, second addendum dated July 24, 2018, third addendum dated April 23, 2019, fourth addendum dated January 13, 2020 and fifth addendum dated September 4, 2020 entered into among our Company and PT Harita Jayaraya dated November 29, 2021;
- (e) the cornerstone investment agreement dated November 15, 2022 entered into among our Company, Hongkong Brunp and Catl Co., Limited (香港邦普时代新能源有限公司), China International Capital Corporation Hong Kong Securities Limited (中国国际金融香港证券有限公司) (“CICC”) and CMB International Capital Limited (招银国际融资有限公司) (“CMBI”), details of which are included in the section headed “Cornerstone Investors” in this prospectus;














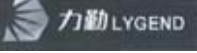







- (f) the cornerstone investment agreement dated November 16, 2022 entered into among our Company, China State-Owned Enterprise Mixed Ownership Reform Fund Co., Ltd. (中国国有企业混合所有制改革基金有限公司), CICC and CMBI, details of which are included in the section headed “Cornerstone Investors” in this prospectus;
- (g) the cornerstone investment agreement dated November 15, 2022 entered into among our Company, Ningbo Yinzhou District Financial Holding Co., Ltd. (宁波市鄞州区金融控股有限公司), CICC and CMBI, details of which are included in the section headed “Cornerstone Investors” in this prospectus;
- (h) the cornerstone investment agreement dated November 15, 2022 entered into among our Company, GEM Hong Kong International Co., Limited (格林美香港國際物流有限公司), CICC and CMBI, details of which are included in the section headed “Cornerstone Investors” in this prospectus;
- (i) the cornerstone investment agreement dated November 15, 2022 entered into among our Company, Hubei Ronbay Battery Triangle No. 1 Equity Investment Fund Partnership (Limited Partnership) (湖北容百电池三角壹号股权投资基金合伙企业(有限合伙)), CICC and CMBI, details of which are included in the section headed “Cornerstone Investors” in this prospectus; and
- (j) the Hong Kong Underwriting Agreement.

2. Intellectual Property Rights of our Group

As of the Latest Practicable Date, the following intellectual property rights are, in the opinion of our Directors, material to our Group's business.

(a) Trademarks

As of the Latest Practicable Date, our Group had registered the following trademarks which are material to our business:

No.	Trademark	Class	Registered Owner	Place of Registration	Registration Number	Expiry Date
1.		6	the Company	PRC	35791027	July 27, 2030
2.		37	the Company	PRC	35771575	February 6, 2031
3.		6	the Company	PRC	35537014	August 20, 2029
4.		35	the Company	PRC	35532769	August 6, 2029
5.		37	the Company	PRC	35531910	August 20, 2029
6.		6	the Company	PRC	26553279	November 20, 2028
7.		6	the Company	PRC	26551579	November 20, 2028
8.		6	the Company	PRC	26551560	December 6, 2028
9.		6	the Company	PRC	62223650	July 13, 2032
10.		1	the Company	PRC	61423974	July 6, 2032
11.		6	the Company	PRC	61418500	July 6, 2032
12.		1	the Company	PRC	61435554	July 6, 2032
13.	   	6, 16	the Company	Hong Kong	305798017	November 9, 2031
14.	 	6, 16	the Company	Hong Kong	305858687	January 13, 2032
15.	  	6, 16	the Company	Hong Kong	305870601	January 26, 2032

(b) Patents

As of the Latest Practicable Date, our Group had registered the following patents which are material to our business:

No.	Name of Patent Holder	Description	Type of Patent	Application Number	Application Date
1.	Jiangsu Wisdom	a high-efficiency and energy-saving submerged arc furnace structure with cooling function (一種具備冷卻功能的高效節能礦熱爐結構)	Invention	2021105140696	May 12, 2021
2.	Jiangsu Wisdom	an energy saving drying kiln device for dewatering wet ores (一種用於濕礦脫水的乾燥窯節能型烘乾裝置)	Invention	2021105162549	May 12, 2021
3.	Jiangsu Wisdom	an energy saving and environmentally friendly recovery and utilization device for electric furnace waste heat (一種節能環保型的電爐餘熱回收利用裝置)	Invention	2021105157396	May 12, 2021
4.	Jiangsu Wisdom	an automatic control device for tempering furnace temperature (一種用於鋼化爐溫的自動控制裝置)	Utility Model	2021206657309	March 31, 2021
5.	Jiangsu Wisdom	a new type of rotary kiln discharge tank structure (一種新型回轉窯出料罐結構)	Utility Model	2021206538865	March 31, 2021
6.	Jiangsu Wisdom	a re-modeled gas stove feeder (一種煤氣爐改造型給料裝置)	Utility Model	2021206024931	March 24, 2021
7.	Jiangsu Wisdom	a submerged arc furnace tap hole structure (一種礦熱爐出鐵口結構)	Utility Model	2020217505199	August 20, 2020
8.	Jiangsu Wisdom	a vertical lifting guiding mechanism for submerged arc furnace electrodes (一種礦熱爐電極豎直升降導向機構)	Utility Model	2020217520358	August 20, 2020
9.	Jiangsu Wisdom	a phosphorus removal device for nickel-iron rolling (一種鎳鐵出爐軋製前除磷裝置)	Utility Model	2020217372089	August 19, 2020
10.	Jiangsu Wisdom	a device for recycling and utilizing waste heat from submerged arc furnace cooling water (一種用於礦熱爐冷卻水餘熱回收利用裝置)	Utility Model	2020217362621	August 19, 2020
11.	Jiangsu Wisdom	a flue gas desulfurization and dust reduction device (一種煙氣脫硫降塵裝置)	Utility Model	2020216970263	August 14, 2020
12.	Jiangsu Wisdom	an improved integrated crushing and screening machine for mines (一種改進型礦山用破碎篩分一體機)	Utility Model	2020216964775	August 14, 2020
13.	Jiangsu Wisdom	an improved feeding device for nickel smelting (一種改進型煉鎳用進料裝置)	Utility Model	2020216981342	August 14, 2020

No.	Name of Patent Holder	Description	Type of Patent	Application Number	Application Date
14.	Jiangsu Wisdom	a dust removal device for rotary kilns (一種用於回轉窯的除塵設備)	Utility Model	2020216824623	August 13, 2020
15.	Jiangsu Wisdom	a rotary kiln noise reduction and flue heat preservation device (一種回轉窯降噪及煙道保溫裝置)	Utility Model	2020216822774	August 13, 2020
16.	Jiangsu Wisdom	a pre-processing system for gas furnace feed (一種煤氣爐進料前置加工系統)	Utility Model	2020216822810	August 13, 2020
17.	Jiangsu Wisdom	a discharge conveying device for gas furnaces (一種煤氣爐出料輸送裝置)	Utility Model	201921012906X	July 2, 2019
18.	Jiangsu Wisdom	a proportioning and stirring mixed device for reducing agents (一種還原劑配比攪拌混合裝置)	Utility Model	2019210128071	July 2, 2019
19.	Jiangsu Wisdom	an easy-to-install submerged arc furnace flue gas pipe (一種便於安裝的礦熱爐煙氣管道)	Utility Model	2019210129110	July 2, 2019
20.	Jiangsu Wisdom	an easy-to-install submerged arc furnace flue gas pipe (一種礦熱爐爐蓋冷卻裝置)	Utility Model	201921012913X	July 2, 2019
21.	Jiangsu Wisdom	a submerged arc furnace flue gas recovery device (一種礦熱爐煙氣回收裝置)	Utility Model	2019210129074	July 2, 2019
22.	Xi'an Pengyuan	a material for improving reduction of nickel slag and its preparation method (一種促進鎳渣還原的物料及其製備方法)	Invention	2020108809310	August 27, 2020
23.	Xi'an Pengyuan	a metal smelting furnace (一種金屬冶煉爐)	Utility Model	2020220662161	September 21, 2020
24.	Xi'an Pengyuan	a metallurgical casting vibrating pouring device (一種冶金鑄造振動澆注裝置)	Utility Model	2020222156817	October 9, 2020
25.	Xi'an Pengyuan	a vacuum furnace with convenient operation and high safety (一種便於操作安全性高的真空爐)	Utility Model	2020223444262	October 20, 2020
26.	Xi'an Pengyuan	a utilization and crushing device for metallurgical slag (一種用於冶金爐渣的利用粉碎裝置)	Utility Model	2020224695357	October 30, 2020
27.	Xi'an Pengyuan	an explosion-proof vacuum furnace with good safety (一種安全性好的防爆真空爐)	Utility Model	2020223489259	October 21, 2020
28.	Xi'an Pengyuan	an intermediate feeding device for metallurgical equipment (一種冶金設備用間歇加料裝置)	Utility Model	2020223159085	October 18, 2020
29.	Xi'an Pengyuan	an electric arc furnace with climbing auxiliary structure (一種帶有攀高輔助結構的電弧爐)	Utility Model	2018219880030	November 29, 2018
30.	Xi'an Pengyuan	an improved water-cooling compensator for electric furnaces (一種改進型電爐水冷補償器)	Utility Model	2021213573454	June 18, 2021

No.	Name of Patent Holder	Description	Type of Patent	Application Number	Application Date
31.	Xi'an Pengyuan	a water-cooling structure for electric arc furnaces and silo weighing devices (一種電弧爐爐體和料倉稱重裝置的水冷結構)	Utility Model	2021212536960	June 7, 2021
32.	Xi'an Pengyuan	a process solution for improving the efficiency of electrostatic precipitators (一種提高電除塵器效率的工藝方案)	Utility Model	2021212183846	June 2, 2021
33.	Xi'an Pengyuan	an advanced furnace cover sealing device (一種先進的爐蓋密封裝置)	Utility Model	2021211717511	May 28, 2021
34.	Xi'an Pengyuan	an improved nickel-iron electric dust collector shell (一種改進型鎳鐵電除塵器殼體)	Utility Model	202121175654X	May 28, 2021
35.	Xi'an Pengyuan	A horizontal electrostatic precipitator using CW type anode plate (一種採用CW型陽極板的臥式電除塵器)	Utility Model	2022213708757	June 3, 2022
36.	the Company, China Enfei Engineering Co., Ltd. (中國恩菲工程技術有限公司)	method for reducing hexavalent chromium in high pressure acid leaching process for laterite nickel ores (紅土鎳礦高壓酸浸工藝中還原六價鉻的方法)	Invention	202110764231X	July 6, 2021

As of the Latest Practicable Date, our Group had applied for registration of the following patents which are material to our business:

No.	Name of Patent Holder	Description	Type of Patent	Application Number	Date of Application
1.	Jiangsu Wisdom	a rotary kiln roasting structure and roasting process (一種回轉窯焙燒結構及其焙燒工藝)	Invention	2020109836175	September 18, 2020
2.	the Company	high pressure acid leaching treatment liquid and high pressure acid leaching treatment process for laterite nickel ores (紅土鎳礦高壓酸浸出液的處理方法及紅土鎳礦的高壓酸浸處理工藝)	Invention	2019106842453	July 26, 2019
3.	Xi'an Pengyuan	a horizontal electrostatic precipitator using CW type anode plate (一種採用CW型陽極板的臥式電除塵器)	Invention	2022106238249	June 3, 2022
4.	Xi'an Pengyuan	an additive and method for making microcrystalline glass from iron containing nickel slag (一種用於含鐵鎳渣製作微晶玻璃的添加劑及方法)	Invention	2020109926881	September 21, 2020

(c) Domain Names

As of the Latest Practicable Date, our Group had registered the following domain names which are material to its business:

No.	Domain Name	Registered Owner	Place of Registration	Date of Approval by the Relevant Authority
1.	lygend.com	the Company	PRC	November 10, 2021
2.	jshrsy.com	Jiangsu Wisdom	PRC	March 13, 2020
3.	xapyyj.com	Xi'an Pengyuan	PRC	July 24, 2017

(d) Copyrights

As of the Latest Practicable Date, our Group had registered the following copyrights in the PRC which are material to its business:

No.	Copyright	Registration Number	Registered Owner	Place of Registration	Date of Registration
1.	Lygend corporate logo (1)	Zhe Zuo Filing No. 11-2019-F-1038	the Company	PRC	January 24, 2019
2.	Lygend corporate logo (2)	Zhe Zuo Filing No. 11-2019-F-1037	the Company	PRC	January 24, 2019

C. FURTHER INFORMATION ABOUT OUR DIRECTORS, SUPERVISORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(a) Interests of the Directors, Supervisors and chief executive of our Company in the Shares, underlying Shares and debentures of our Company and its associated corporations

Immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised), the interests or short positions of our Directors, Supervisors or chief executives in the Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, under Section 352 of the SFO, to be entered in the register referred to in that section, or which will be required, under the Model Code for Securities Transactions by Directors of

Listed Issuers as set out in Appendix 10 to the Listing Rules (“**Model Code**”) to be notified to us and the Stock Exchange, once the H Shares are listed will be as follows:

(i) Interest in Shares of our Company

Name of Director, Supervisor or Chief Executive	Nature of interest	Class of Shares	Number of Shares	Approximate percentage of shareholding in the relevant class of Shares	Approximate percentage of shareholding in our Company
Mr. Cai	Beneficial owner, interest held by controlled corporations and interest of spouse ⁽¹⁾	Unlisted Shares	955,581,000	72.52%	61.64%
Mr. DONG Dong	Beneficial owner	Unlisted Shares	10,406,000	0.79%	0.67%
Mr. CAI Jianwei	Beneficial owner	Unlisted Shares	10,406,000	0.79%	0.67%
Ms. FEI Feng	Beneficial owner and interest held by controlled corporations ⁽²⁾	Unlisted Shares	33,719,500	2.56%	2.18%
Mr. GE Kaicai	Beneficial owner	Unlisted Shares	7,804,500	0.59%	0.50%

Notes:

- (1) As of the Latest Practicable Date, (i) Mr. Cai, one of our executive Directors and the chairman of the Board, directly held 416,732,000 Unlisted Shares; (ii) Lygend Investment, 88% of the equity interest of which was held by Mr. Cai, directly held 507,000,000 Unlisted Shares; (iii) Ningbo Lizhan, a wholly-owned subsidiary of Lygend Investment, directly held 1,000,000 Unlisted Shares; and (iv) Ms. Xie Wen (謝雯), the spouse of Mr. Cai, directly held 30,849,000 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, Ningbo Lizhan and Ms. Xie Wen. See also the section headed “Substantial Shareholders” in this prospectus.
- (2) As of the Latest Practicable Date, Ms. Fei Feng directly held 7,804,500 Unlisted Shares, and was the general partner of each of our Employee Incentive Platforms. Therefore by virtue of the SFO, Ms. Fei Feng is deemed to be interested in the aggregate number of 25,915,000 Unlisted Shares held by our Employee Incentive Platforms.

(ii) Interest in Shares of associated corporations of our Company

Name of Director, Supervisor or Chief Executive	Name of associated corporation	Number of shares	Nature of interest	Approximate percentage
Mr. Cai	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 our 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 directly held 88% equity interest in Lygend Investment.

- (2) Ningbo Lizhan, one of our 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 is deemed to be interested in the 100% equity interest in Ningbo Lizhan held by Lygend Investment.

(b) *Interests of the Substantial Shareholders of any member of our Group (other than our Company)*

Name of shareholder	Name of member of our Group	Nature of interest	Approximate percentage of shareholding interest
Ningbo Yike Enterprise Management Co., Ltd. (寧波宜科企業管理有限公司)	Xi'an Pengyuan	Beneficial owner	12%
PT Trimegah Bangun Persada (“TBP”)	HPL	Beneficial owner	45%
TBP	PT Dharma Cipta Mulia	Beneficial owner	40%
Li Yuen Pte. Ltd.	ONC	Beneficial owner	30%
TBP	ONC	Beneficial owner	10%
TBP	PT Obi Stainless Steel	Beneficial owner	35%
TBP	KPS	Beneficial owner	35%

Save as disclosed above, immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised), our Directors are not aware of any person, not being a Director, Supervisor or chief executive of our Company who will, directly or indirectly, be interested in 10% or more of the nominal value of the share capital carrying rights to vote in all circumstances at general meetings of any member of our Group (other than our Company).

2. Particulars of Service Contracts

Pursuant to Rules 19A.54 and 19A.55 of the Listing Rules, we have entered into a contract with each of our Directors and Supervisors in respect of, among other things, compliance with relevant laws and regulations, observance of the Articles of Association and provisions on arbitration.

Save as disclosed above, none of the Directors or Supervisors 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).

3. Directors' and Supervisors' Remuneration

The aggregate amount of remuneration (including salaries, allowances, contribution to pension schemes and bonuses) and benefits in kind we paid to our Directors in respect of the financial years ended December 31, 2019, 2020 and 2021 and the six months ended June 30, 2022 were approximately RMB4,098,000, RMB7,860,000, RMB35,075,000 and RMB29,215,000, respectively.

The aggregate amount of remuneration (including salaries, allowances, contribution to pension schemes and bonuses) and benefits in kind we paid to our Supervisors in respect of the financial years ended December 31, 2019, 2020 and 2021 and the six months ended June 30, 2022 were approximately RMB2,305,000, RMB2,782,000, RMB15,647,000 and RMB8,988,000, respectively.

Details of the Directors' and Supervisors' remuneration are also set out in note 8 of the Accountants' Report set out in Appendix IA to this prospectus. Save as disclosed in the Accountants' Report, no other emoluments have been paid or are payable by our Company or any of our subsidiaries to our Directors or Supervisors during the Track Record Period.

For the financial years ended December 31, 2019, 2020 and 2021 and the six months ended June 30, 2022, there was/were one, one, four and three Director(s), and nil, nil, one and two Supervisor(s), among the five highest paid individuals, respectively. During the Track Record Period, the total emoluments paid to the remaining four, four, nil and nil highest paid individuals who are neither a Director nor a Supervisor by us amounted to RMB7,162,000, RMB8,488,000, nil and nil for the financial years ended December 31, 2019, 2020 and 2021 and the six months ended June 30, 2022, respectively.

Under the arrangements currently in force, the aggregate amount of remuneration and benefits in kind payable by our Company to the Directors and Supervisors for the financial year ending December 31, 2022 is estimated to be approximately RMB83,250,000.

None of the Directors (or former Directors), Supervisors or the five highest paid individuals has been paid any sum of money for the Track Record Period (i) as an inducement to join or upon joining us; or (ii) as compensation for loss of office in connection with the management of the affairs of any member of our Group.

There has been no arrangement under which a Director or Supervisor has waived or agreed to waive any remuneration or benefits in kind during the Track Record Period.

Save as disclosed in the subsections headed "History, Development and Corporate Structure — Establishment and Major Shareholding Changes of our Company" and "History, Development and Corporate Structure — Corporate Structure" in this prospectus, none of the Directors has been or is interested in the promotion of, or in the property proposed to be acquired by, us, and no sum has been paid or agreed to be paid to any of them in cash or shares or otherwise by any person either to induce him to become, or to qualify him as, a Director, or otherwise for services rendered by him in connection with the promotion or formation of our Company.

4. Fees or commissions received

Save in connection with the Underwriting Agreements, none of the Directors, Supervisors or any of the persons whose names are listed under the paragraph headed “E. Other Information — 7. Consents of Experts” below had received any commissions, discounts, agency fee, brokerages or other special terms in connection with the issue or sale of any capital of any member of our Group within the two years immediately preceding the date of this prospectus.

5. Disclaimers

- (a) Save as disclosed in the sub section headed “C. Further Information About our Directors, Supervisors and Substantial Shareholders — 1. Disclosure of Interests” in this appendix, none of our Directors, Supervisors or chief executives has any interests and short positions in the Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code to be notified to us and the Stock Exchange, in each case once our H Shares are listed on the Stock Exchange.
- (b) Save as disclosed in the subsections headed “History, Development and Corporate Structure — Establishment and Major Shareholding Changes of our Company” and “History, Development and Corporate Structure — Corporate Structure” in this prospectus, none of our Directors, Supervisors nor any of the parties listed in the paragraph headed “E. Other Information — 6. Qualification of Experts” below is interested in our promotion, or in any assets which have, within the two years immediately preceding the issue of this prospectus, been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to us.
- (c) Save in connection with the Underwriting Agreements, none of our Directors, Supervisors nor any of the parties listed in the paragraph headed “E. Other Information — 6. Qualification of Experts” below is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group.
- (d) Save in connection with the Underwriting Agreements, none of the parties listed in the paragraph headed “E. Other Information — 6. Qualification of Experts” below: (i) is interested legally or beneficially in any of our Shares or any shares in any of our subsidiaries; or (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

D. SHARE INCENTIVE SCHEME

Pre-IPO Share Incentive Scheme

The Pre-IPO Share Incentive Scheme (the “**Scheme**”) was adopted and approved by resolutions by the Board on October 20, 2021. The terms of the Scheme are not subject to the provisions of Chapter 17 of Listing Rules, as the Scheme does not involve the grant of options or share awards by our Company after the Listing. Given the underlying Shares under the Scheme have already been issued, there will not be any dilution effect to the issued Shares as a result of the operation of the Scheme. No further awards will be granted after Listing under the Scheme.

As of the Latest Practicable Date, our Company had established four Employee Incentive Platforms, namely Ningbo Litai, Ningbo Yangcheng, Ningbo Xinpan and Ningbo Yufeng. The four Employee Incentive Platforms, in aggregate, held 25,915,000 Domestic Shares. For further details of the Employee Incentive Platforms, please refer to the section headed “History, Development and Corporate Structure — Employee Shareholding Platforms” in this prospectus.

The following is a summary of the principal terms of the Scheme.

Objectives

The purpose of the Scheme is to build an incentive mechanism for management and core employees of our Company, attract, retain and motivate the talent necessary for our Company’s strategic goals, and to promote the long-term success of our Company and the interests of our Shareholders.

Administration

The Scheme shall be subject to the administration of our Board and the supervision of the Supervisors of our Company. Our Shareholders in general meeting will be of the highest authority regarding administration of the Scheme. Our Board is responsible for determining and revising the terms of the Scheme, and reporting to our Shareholders in general meeting. Our Board is also entitled to authorize a management committee (the “**Management Committee**”) to administrate and implement the specific terms of the Scheme.

Eligibility

Participants must continuously meet the following criteria to be, or to remain, eligible under the Scheme:

- An employee of our Company or its subsidiaries who has signed an employment contract, and who aligns with our Company’s corporate culture;

- (i) an employee who has been working for our Company for more than five years, or management staff who has been working for our Company for more than two years; (ii) an employee who have been introduced into our Company by the Management Committee as being essential to our development; or (iii) a core technology-related employee or key management staff working in one of our subsidiaries; and
- An employee who has abided by our Company's rules and regulations, and who has demonstrated good work performance during his/her period of employment.

Grant of Awards

The general partner of each of the Employee Incentive Platforms is appointed by the Management Committee.

All selected participants of the Scheme are not able to exercise any voting rights in our Company as mere limited partners of the Employee Incentive Platforms. Upon being granted share awards and becoming a limited partner of the Employee Incentive Platforms, the grantees are able to indirectly receive economic interest in the corresponding number of underlying Shares held by the Employee Incentive Platforms.

Details of the Awards granted under the Scheme

As of the Latest Practicable Date, the aggregate number of Shares underlying the awards granted amounted to 25,915,000 Shares, of which 7,470,000 Shares underlie awards granted to our Directors, Supervisors and other senior management, representing 0.35%, 0.02% and 0.20% interest in our Company, respectively, as of the Latest Practicable Date. Apart from (i) Mr. Jiang Xinfang, Ms. Fei Feng and Mr. Yu Weijun, each being a Director of our Company, (ii) Mr. Wang Duodong, Mr. Zhang Baodong, Mr. Yu Hai, Mr. Hu Honggen, Mr. Li Xiang, Mr. Zhang Jihong, Mr. Wang Biao, Mr. Xie Cheng and Ms. Li Yeqing, each being a director of certain of our subsidiaries, (iii) Ms. Hu Zhinong, being a Supervisor of our Company and (iv) Mr. Qian Feng, being a supervisor of our subsidiary, none of the other grantees under the Scheme are connected persons of our Company.

E. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that currently no material liability for estate duty is likely to fall upon our Company or any of our subsidiaries under the laws of Hong Kong, the PRC and Indonesia.

2. Litigation

As of the Latest Practicable Date, we are not aware of any litigation or arbitration proceedings of material importance pending or threatened against us or any of our Directors that could have a material adverse effect on our financial condition or results of operations.

3. Joint Sponsors

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsor set out in Rule 3A.07 of the Listing Rules. The fee payable to each of the Joint Sponsors in respect of its services as a sponsor for the Listing is US\$500,000 and payable by us.

4. Preliminary Expenses

We have not incurred any material preliminary expenses in relation to the incorporation of our Company.

5. Promoter

The promoters of our Company are Lygend Investment and Ningbo Lizhan.

Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefits has been paid, allotted or given, or has been proposed to be paid, allotted or given, to any of the promoters named above in connection with the Global Offering or the related transactions described in this prospectus.

6. Qualification of Experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

China International Capital Corporation Hong Kong Securities Limited	A corporation licensed to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
CMB International Capital Limited	A corporation licensed to conduct Type 1 (dealing in securities), Type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
Ernst & Young	Certified Public Accountants and Registered Public Interest Entity Auditor

Zhejiang T&C Law Firm	PRC legal advisor
Imran Muntaz & Co.	Indonesia legal advisor
China Insights Industry Consultancy Limited	Independent industry consultant
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Independent property valuer
Ernst & Young (China) Advisory Limited	Independent transfer pricing consultant

As at the Latest Practicable Date, none of the experts named above has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

7. Consents of Experts

Each of the persons named in “— 6. Qualification of Experts” has given and has not withdrawn its respective written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or opinion and/or the references to its name included in this prospectus in the form and context in which it is respectively included.

8. Taxation of holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty if such sale, purchase and transfer are affected on the H Share register of members of our Company, including in circumstances where such transactions are effected on the Stock Exchange. The rate charged on each of the purchaser and seller is 0.13% of the consideration of or, if higher, of the fair value of our Shares being sold or transferred. For further details in relation to taxation, please refer to Appendix IV to this prospectus.

9. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance of this prospectus, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance insofar as applicable.

10. Restrictions on Share Repurchases

For details, please refer to the sections “Appendix V — Summary of Principal Legal and Regulatory Provisions” and “Appendix VI — Summary of the Articles of Association” in this prospectus.

11. Miscellaneous

- (a) Within the two years immediately preceding the date of this prospectus:
 - (i) save as disclosed in the sections headed “History, Development and Corporate Structure”, “Share Capital” and “Structure of the Global Offering” in this prospectus and in this appendix, no share or loan capital of our Company or any of its subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;
 - (ii) save in connection with the Underwriting Agreements, no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries; and
 - (iii) save in connection with the Underwriting Agreements, no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share or debenture in our Company.
- (b) Our Group had not issued any debentures nor did it have any outstanding debentures nor any convertible debt securities.
- (c) No share or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option.
- (d) No founder or management or deferred shares of our Company or any of its subsidiaries have been issued or agreed to be issued.
- (e) Our Directors confirm that:
 - (i) there has been no material adverse change in the financial or trading position or prospects of our Group since June 30, 2022 (being the date to which the latest audited consolidated financial statements of our Group were prepared); and
 - (ii) there is no arrangement under which future dividends are waived or agreed to be waived; and
 - (iii) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus.
- (f) There are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong.

- (g) No company within our Group is presently listed on any stock exchange or traded on any trading system.
- (h) Our Company is currently a sino-foreign investment joint stock limited company and subject to the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》)⁽¹⁾.
- (i) The English and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

Note:

- (1) The Foreign Investment Law of the PRC has become effective on January 1, 2020, and the Sino-foreign Joint Venture Law of the PRC was abolished on the same date.