FUTURE PLANS

See "Business — Our Strategies" for a detailed description of our future plans.

USE OF PROCEEDS

Assuming that [**REDACTED**] is not exercised, after deducting the [**REDACTED**] and other estimated offering expenses payable by us in connection with the [**REDACTED**], and assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the indicative [**REDACTED**] range of HK$[**REDACTED**] and HK$[**REDACTED**]), we estimate that we will receive net proceeds of approximately [**REDACTED**] from the [**REDACTED**]. We intend to use the proceeds from the [**REDACTED**] for the purposes and in the amounts set forth below:

(i) approximately [80.0]%, or HK$[**REDACTED**], will be allocated for supporting our global business development, including the lithium-ion battery materials project in Morocco ("**Morocco Project**"), and other overseas markets, such as Southeast Asia, including Indonesia and Thailand, and the United States, as well as for upstream resource investments globally.

- approximately [60.0]%, or HK$[**REDACTED**], will be allocated for Morocco Project, for which the total investment is expected to be approximately U.S.$[**REDACTED**] (equivalent to HK$[**REDACTED**]).

  We have strategically decided to expand our production capacity to Morocco to capitalize on the rapidly growing European lithium-ion battery market and meet our customers' evolving localization requirements. According to CIC, the European lithium-ion battery market has demonstrated rapid growth, increasing from 85.4 GWh in 2020 to 256.4 GWh in 2024, with projections to reach 1,109.9 GWh by 2030, representing a projected CAGR of 27.7% that notably exceeds China's projected CAGR of 23.5%. See "Industry Overview — Overview of the Global and China's Lithium-ion Battery Industry — Market Size of Lithium-ion Battery Industry" for details. Due to geopolitical considerations, our customers are increasingly seeking localized supply chains for greater stability, driving major battery manufacturers to accelerate their localization strategies to maintain market access and strengthen competitiveness.

  Morocco offers significant strategic geographic advantages that align with our expansion objectives. Located in the northwestern corner of the African continent, Morocco is in close proximity to the European continent, separated from Spain merely by the narrow Strait of Gibraltar. This strategic location places us closer to our principal customers' manufacturing sites in Europe, enabling more flexible and timely supply of our products and services while strengthening the stability of our customers' supply chains and reducing logistical complexity and transportation costs. Additionally, Morocco's position as the world's largest holder of phosphate reserves ensures reliable access to essential raw materials for our operations.

  Our Morocco expansion plan is well-justified despite our relatively low production utilization rates since 2023, as these rates reflect our current ramp-up phase of mass production and the specific dynamics of the Chinese market rather than overseas opportunities. Our financial performance has already shown improvement, with revenue increasing significantly from 2024 to 2025, primarily due to accelerated growth in downstream markets. Furthermore, the Morocco facility is designed to primarily serve the European market, which has different demand patterns and growth trajectories compared to the Chinese market.

The strategic timing of our Morocco expansion, with an estimated construction period of approximately 36 months and completion expected by the end of 2028, allows for our current capacity utilization to further improve while preparing for future European market demand.

The Morocco Project is designed for an annual production capacity of 150,000 tonnes of electrolyte and its core compositions. The expenditures will be for the cost of land, construction of the factory, the purchase of key production equipment, other construction-related costs and preparatory costs. We estimate that breakeven period for our Morocco Project will be 48 months and the investment payback period for the project will be 54 months.

As of the Latest Practicable Date, we have completed the outbound direct investment filing. We are still in the process of obtaining land use rights, environmental impact assessment approval and other requisite administrative approvals necessary for the implementation and operation of the Morocco Project.

- approximately [20.0]%, or HK$[**REDACTED**], will be allocated for the construction of production bases in other overseas markets, such as Southeast Asia, including Indonesia and Thailand, and the United States, to strengthen our localization strategy as well as for upstream resource investments worldwide. Specifically, the proceeds may be allocated for the costs of land, facility construction and the procurement and installation of production equipment. We will commence our global business development initiatives in 2026, with an anticipated completion date in 2028.

  Additionally, the proceeds may be allocated for strategic investments in upstream resources globally. This includes funding acquisitions, forming partnerships or entering into long-term supply agreements with suppliers of key raw materials. We believe that the strategic upstream investments would bring significant benefits to the Group through enhanced supply chain control and cost optimization. Our business model emphasizes vertical integration to achieve high self-supply ratios for key raw materials, and strategic upstream investments would further strengthen this capability by securing stable supplies of critical raw materials like lithium, phosphorus, and fluorine resources. Given that direct material costs account for a substantial portion of the Group's cost of sales (ranging from 71.5% to 78.0% during the Track Record Period), upstream investments would help mitigate commodity price volatility that has significantly impacted our financial performance. These investments would also support our circular economy model, which focuses on recycling and reusing key chemical elements.

  The criteria for selecting upstream investment targets would focus on strategic resource alignment, ensuring our access to materials critical to our production processes, particularly lithium, phosphorus and fluorine resources, with location selection prioritising proximity to transportation networks and resource cost efficiency. As of the Latest Practicable Date, we have not identified any suitable target for investment.

(ii) approximately [10.0]%, or HK$[**REDACTED**], will be allocated for research and development activities. This will focus on electrolyte and its core compositions, cathode materials, solid-state electrolytes and other materials, as well as the acquisition of related research and development equipment and facilities. We will initiate our research and development activities in 2026, with an expected completion date in 2028.

(iii) approximately [10.0%], or HK$[**REDACTED**], will be allocated for supplement working capital and for general corporate purposes.

In the event that the [**REDACTED**] is set at the [**REDACTED**] or the minimum [**REDACTED**] of the indicative [**REDACTED**] range (assuming the [**REDACTED**] is not exercised), the net proceeds of the [**REDACTED**] will increase or decrease by approximately HK$[**REDACTED**] (after deducting [**REDACTED**] fees and expenses related to the [**REDACTED**]), respectively.

The additional net proceeds that we would receive if the [**REDACTED**] were exercised in full would be (i) [**REDACTED**] (assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], being the [**REDACTED**] of the indicative [**REDACTED**] range), (ii) HK$[**REDACTED**] (assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], being the mid-point of the indicative [**REDACTED**] range), and (iii) HK$[**REDACTED**] (assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], being the minimum [**REDACTED**] of the indicative [**REDACTED**] range).

To the extent that the net proceeds from the [**REDACTED**] are either more or less than expected, we will adjust our allocation of the net proceeds so that (i) the amount of net proceeds allocated for the Morocco Project will remain the same; (ii) the percentage of proceeds for supplementing working capital and general corporate purpose will remain at 10%; and (iii) the amount of net proceeds allocated for other purposes will be adjusted on a pro rata basis.

To the extent that the net proceeds of the [**REDACTED**] are not immediately used for the above purposes or if we are unable to effect any part of our future development plans as intended, we may deposit such funds into short-term interest-bearing accounts at licensed commercial banks and/or other authorised financial institutions (as defined under the Securities and Futures Ordinance or the applicable laws and regulations in other jurisdictions) for so long as it is deemed to be in the best interests of us. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

We will issue an appropriate announcement if there is any material change to the above proposed use of proceeds.