FUTURE PLANS

For a detailed description of our future pans, see "Business — Our Strategies."

[REDACTED]

We estimate that the [REDACTED] of the [REDACTED], after deducting the estimated [REDACTED] and other fees and expenses paid and payable by us in connection with the [REDACTED], will be approximately HK$[REDACTED], assuming an [REDACTED] of HK$[REDACTED] per H Share (being the mid-point of the indicative range of the [REDACTED] of HK$[REDACTED] to HK$[REDACTED] per H Share), and that the [REDACTED] is not exercised.

We currently intend to use the [REDACTED] from the [REDACTED] for the purposes and in the amounts as set out below:

(a) approximately [REDACTED]% of the [REDACTED], or HK$[REDACTED], will be used for the construction of a battery-grade lithium carbonate facility with an expected annual production capacity of 60,000 tons. We believe this expansion will help support the expected increase in customer demand for battery-grade lithium carbonate, and enhance our scale efficiencies and cost competitiveness. Specifically:

  (i) approximately [REDACTED]% of the [REDACTED], or HK$[REDACTED], will be used for the equipment procurement, including the purchase and installation of production equipment, processing machinery and ancillary systems necessary for the operation of the facility;

  (ii) approximately [REDACTED]% of the [REDACTED], or HK$[REDACTED], to be used for procurement of fixed materials and related installation and ancillary project costs; and

  (iii) approximately [REDACTED]% of the [REDACTED], or HK$[REDACTED], will be used for site development and construction works for the facility;

(b) approximately [REDACTED]% of the [REDACTED], or HK$[REDACTED], will be used to further strengthen our upstream resource capabilities. We plan to construct a lithium ore processing and comprehensive utilization project with an expected annual ore processing capacity of 9.0 million tons, together with the supporting facilities required to operate the project. The [REDACTED] will be used for site development and civil works, procurement and installation of processing equipment and ancillary systems, with expenditures expected to be incurred progressively throughout the construction and ramp-up period. We believe such efforts will improve supply security for our downstream lithium compound production by increasing feedstock availability and stability;

(c) approximately [REDACTED]% of the [REDACTED], or HK$[REDACTED], will be used to continue to enhance our research and development capabilities and strengthen our technological competitiveness. More specifically:

  (i) approximately [REDACTED]% of the [REDACTED], or HK$[REDACTED], will be used for the R&D and pilot-scale production of lithium sulfide, with a view to supporting next-generation battery applications;

  (ii) approximately [REDACTED]% of the [REDACTED], or HK$[REDACTED], will be used for the R&D and commercialization of ion-exchange membranes for applications including flow batteries, water electrolysis for hydrogen production, lithium extraction from brines and hydrogen fuel cells;

  (iii) approximately [REDACTED]% of the [REDACTED], or HK$[REDACTED], will be used for the R&D and industrialization of advanced cathode materials, including lithium-rich manganese-based and spinel nickel-manganese cathode materials; and

(d) approximately [REDACTED]% of the [REDACTED], or HK$[REDACTED], will be used to repay certain interest-bearing bank borrowings, in order to optimize our capital structure, reduce finance costs and improve our overall financial flexibility. Specifically:

(i) approximately [REDACTED]% of the [REDACTED], or HK$[REDACTED], is expected to be used to repay a bank loan with principal amount of RMB1,003.2 million maturing in 2031 bearing an effective interest rate of 2.60%, which was used to finance the acquisition of Suzhou CATH; and

(ii) approximately [REDACTED]% of the [REDACTED], or HK$[REDACTED], is expected to be used to repay a 3-year medium-term bank loan with principal amount of RMB400.0 million maturing in 2028 bearing an effective interest rate of 2.24%, which was used to fund the acquisition of certain mining rights; and

(e) approximately [REDACTED]% of the [REDACTED], or HK$[REDACTED], will be used for working capital and other general corporate purposes to support our daily operations and overall business growth.

The above allocation of the [REDACTED] will be adjusted on a pro rata basis in the event that the [REDACTED] is fixed below or above the mid-point of the indicative price range. If the [REDACTED] is set at HK$[REDACTED] per H Share, which is the high end of our indicative [REDACTED] range, the [REDACTED] from the [REDACTED] will increase by approximately HK$[REDACTED]. If the [REDACTED] is set at HK$[REDACTED] per H Share, which is the low end of our indicative [REDACTED] range, the [REDACTED] from the [REDACTED] will decrease by approximately HK$[REDACTED]. Any additional [REDACTED] received from the exercise of the [REDACTED] will also be [REDACTED] to the above purposes on a pro rata basis. In the event that the [REDACTED] is exercised in full, we will receive [REDACTED] of HK$[REDACTED] (after deducting the estimated [REDACTED] and other fees and expenses paid and payable by us in connection with the [REDACTED] and assuming an [REDACTED] of HK$[REDACTED] per H Share, being the mid-point of our indicative [REDACTED] range).

To the extent that the [REDACTED] are not immediately applied to the above purposes, we will only deposit the [REDACTED] into short-term interest-bearing accounts with licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions). In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.