
FUTURE PLANS AND [REDACTED]

FUTURE PLANS AND PROSPECTS

See “Business — Our Strategies” for a detailed description of our future plans and strategies.

USE OF [REDACTED]

We estimate that we will receive [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED] million, after deducting [REDACTED], fees and estimated expenses payable by us in connection with the [REDACTED], and assuming an [REDACTED] of HK\$[REDACTED] per Share (being the [REDACTED] of the indicative [REDACTED] range of HK\$[REDACTED] and HK\$[REDACTED]) and the [REDACTED] is not exercised. We currently intend to apply these [REDACTED] for the following purposes:

- Approximately [REDACTED]%, or HK\$[REDACTED] million, will be used to develop the 60,000-tonne VC production project of Hubei Huasheng. To solidify our leadership in the lithium-ion battery electrolyte additive market and meet growing customer demand, we are constructing a 60,000-tonne VC production project in Hubei Province. The total investment for the project is RMB950.0 million. We are currently in the process of obtaining all the necessary licenses and/or approvals and finalizing the structure design in relation to the project. This investment is a core component of our growth strategy, designed to expand our production capacity and maximize resource efficiency, ensuring customized and high-purity products. See “Business — Our Strategies — Capacity Expansion and Technology Upgrades to Bolster Cost-Efficiency and Market Leadership”. Specifically, the related expenditures will mainly include (i) approximately [REDACTED]%, or HK\$[REDACTED] million, for the purchase of production equipment; (ii) approximately [REDACTED]%, or HK\$[REDACTED] million, for pre-construction preparation, including procurement of materials and installation of equipment; and (iii) approximately [REDACTED]%, or HK\$[REDACTED] million for the construction of production facilities.
- Approximately [REDACTED]%, or HK\$[REDACTED] million, will be used for the industrialization of our novel products, including silicon-carbon anode materials, functional lithium-ion battery electrolyte additives and solid-state lithium-ion battery materials. We aim to diversify our revenue streams by providing a comprehensive product portfolio to our customers. See “Business — Our Strategies — Accelerate Industrialization of Novel Materials to Drive New Market Growth”.
 - o Approximately [REDACTED]%, or HK\$[REDACTED] million, will be used to support the industrialization of anode materials. We plan to optimize the production process and progress towards the mass production phase of our silicon-carbon anode materials to realize an annual production capacity of 5,000 tonnes. The related expenditures in relation to the industrialization of anode materials will mainly include (i) approximately [REDACTED]%, or HK\$[REDACTED] million, for the construction and fit-out of production facilities; and (ii) approximately [REDACTED]%, or HK\$[REDACTED] million, for the purchase and installation of key production equipment.

FUTURE PLANS AND [REDACTED]

- o Approximately [REDACTED]%, or HK\$[REDACTED] million, will be used to support the industrialization of functional lithium-ion battery electrolyte additives, including three novel sodium salts and HSI003. Our proprietary HSI003 cathode film-forming additive outperforms traditional lithium-ion battery electrolyte additives in terms of rate capacity, temperature resistance and cycling performance. As an emerging product with high market potential, HSI003 is expected to further increase our market share and industry influence in the lithium-ion battery electrolyte additive sector. The related expenditures in relation to the industrialization of functional lithium-ion battery electrolyte additives will mainly include (i) approximately [REDACTED]%, or HK\$[REDACTED] million, for the construction and fit-out of production facilities; and (ii) approximately [REDACTED]%, or HK\$[REDACTED] million, for the purchase and installation of key production equipment.
- o Approximately [REDACTED]%, or HK\$[REDACTED] million, will be used to support the industrialization of solid-state battery materials. We have validated the technical route for the mass production of high-purity lithium sulfide, a key solid-state battery material. As of the Latest Practicable Date, we had completed initial small-scale pilot production of high-purity lithium sulfide. We aim to reach an annual production capacity of solid-state battery materials of 1,000 tonnes. The related expenditures in relation to the industrialization of solid-state battery materials will mainly include (i) approximately [REDACTED]%, or HK\$[REDACTED] million, for the construction and fit-out of production facilities; and (ii) approximately [REDACTED]%, or HK\$[REDACTED] million, for the purchase and installation of key production equipment.
- Approximately [REDACTED]%, or HK\$[REDACTED] million, will be used for R&D activities. We plan to invest R&D efforts in novel lithium-ion battery materials, such as solid-state electrolytes, novel silicon-carbon anode materials and lithium-ion and sodium-ion battery electrolyte materials. See “Business — Our Strategies — Advance R&D and Pursue Innovations in Emerging Sectors”. Specifically, we plan to invest R&D efforts in relation to (i) sulfide-based solid electrolytes and their key material, lithium sulfide, of which the related expenditures will mainly include funds for designing, conducting trials and procuring equipment to develop sulfide-based solid electrolytes with high-stability and high-ionic conductivity, and carrying out large-scale validation, accelerating industrialization, conducting trials and procuring equipment to develop high-purity lithium-sulfide; (ii) novel silicon-carbon anode materials with high capacity, of which the related expenditures will mainly include funds for designing, researching, and procuring equipment to develop novel porous carbon, producing samples, accelerating industrialization, conducting trials and procuring equipment to develop CVD silicon-carbon materials, and researching technical routes, establishing AI-models, producing samples and accelerating industrialization for downstream application to develop silicon-carbon composite materials; and (iii) lithium-ion and sodium-ion battery electrolyte materials, of which the related expenditures will mainly include funds for designing, researching, conducting trials and procuring equipment for large-scale validation to develop novel lithium-ion and sodium-ion battery electrolyte additives, carrying out interface mechanism study, conducting trials and procuring equipment to develop novel lithium-ion and sodium-ion battery electrolyte core materials, and cultivating market, accelerating industrialization and procuring equipment to develop novel functional additives.

FUTURE PLANS AND [REDACTED]

- Approximately [REDACTED]%, or HK\$[REDACTED] million, will be used to pursue mergers and acquisitions opportunities to enhance our vertical integration across the electrochemical value chain. Guided by our key strategy of reinforcing market leadership, we intend to acquire or invest in upstream raw material suppliers, downstream novel battery material, solid-state battery and application technologies to secure supply stability and capture emerging market opportunities. See “Business — Our Strategies — Explore Strategic Mergers and Acquisitions Opportunities to Amplify Value Chain Integration”.

The expenditures will mainly include the transaction considerations, legal and financial professional fees and post-transaction integration costs.

- Approximately [REDACTED]%, or HK\$[REDACTED] million, will be used for working capital and other general corporate purposes.

To the extent that the [REDACTED] from the [REDACTED] are not immediately used for the purposes described above and to the extent permitted by the relevant laws and regulations, they will be placed in short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or other applicable laws and regulations in other jurisdictions).