FUTURE PLANS

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

USE OF [REDACTED]

We estimate that we will receive [REDACTED] from the [REDACTED] of approximately HK$[REDACTED] million, after deducting [REDACTED] commissions, fees and estimated expenses payable by us in connection with the [REDACTED], assuming an [REDACTED] of HK$[REDACTED] per H Share, being the [REDACTED] of the indicative [REDACTED] range stated in this document, and assuming no exercise of the [REDACTED]. We intend to use the [REDACTED] from the [REDACTED] for the purposes and in the amounts set forth below:

- Approximately [REDACTED]% of the [REDACTED], or HK$[REDACTED] million, will be used for the R&D of advanced technologies, in order to maintain our technological leadership in the production processes of high-end nano-size metal powder materials, and to explore the future applications of our products in advanced sectors such as big data, large language models, green energy, AI servers and high-end robotics.

    - Approximately [REDACTED]% of the [REDACTED], or HK$[REDACTED] million, will be used for the R&D of advanced technologies relating to the preparation of ultrafine metal powders using physical vapor deposition (PVD) under atmospheric pressure, including but not limited to (i) the development of various types of nano-size, sub-micron and micron-size nickel powders, copper powders, silver powders and alloy powders prepared by transferred arc plasma technology; (ii) the development of nano-size silicon powders and silicon alloy powders prepared by non-transferred arc plasma technology; and (iii) the development of micron-size alloy powders prepared by atomization or spheroidization technologies. Specifically, we plan to allocate the [REDACTED] to (a) equipment expansion and upgrade; (b) procurement of materials for product trials and process development; and (c) remuneration of our existing R&D personnel and key technical staff.

      Through the development and integration of the three technical approaches described above, we plan to achieve the following key milestones by 2031: (a) mass production of 60nm metal powder products; (b) pilot-scale development and validation of powder products with particle sizes below 60nm to 40nm; (c) sample development of products with particle sizes below 40nm; and (d) spheroidization and alloying preparation of micron-size alloy powders.

    - Approximately [REDACTED]% of the [REDACTED], or HK$[REDACTED] million, will be used to expand R&D centers at our production bases in Ningbo and Suqian to comprehensively enhance our R&D capabilities. Innovation is a core driver of our sustainable development. Our R&D teams in both Ningbo and Suqian have conducted comprehensive R&D across areas such as powder preparation technologies, particle classification technologies, surface modification technologies, dispersion technologies and automation. To accelerate the development of new products and technologies and ensure the progress of our overall R&D efforts, we plan to expand our R&D centers in Ningbo and Suqian over the next five years. Specifically, we intend to allocate the [REDACTED] to (a) construction and renovation costs; and (b) procurement and upgrade of R&D and testing equipment.

    - Approximately [REDACTED]% of the [REDACTED], or HK$[REDACTED] million, will be used for the intelligent upgrade of our workshops. Over the next five years, we plan to independently develop a range of intelligent production processes and equipment, including continuous automated closed powder production systems, digital workshops, and green manufacturing technologies, to enhance the stability and consistency of product quality in large-scale industrial production. We intend to allocate the net [REDACTED] to the procurement and upgrade of intelligent and automated equipment.

- o Approximately [REDACTED]% of the net [REDACTED], or HK$[REDACTED] million, will be used to expand the application areas of metal powder materials, including application technologies for various high-end nano-size metal powder materials such as MLCC nickel powders used in AI, PV copper powders, 120nm nickel precursor pastes, products in the 180–200nm specification range, alloy powders, and composite powders, thereby facilitating the iterative upgrade of key material technologies in downstream application areas. We plan to allocate the [REDACTED] to (a) related material costs; and (b) remuneration of production and related personnel.

- o Approximately [REDACTED]% of the net [REDACTED], or HK$[REDACTED] million, will be used for the development of powder classification and dispersion technologies. Over the next five years, we will further develop our MES system to integrate production control and data links, thereby improving key performance indicators such as particle size, particle size distribution, and dispersibility, and enhancing R&D efficiency. We plan to allocate the [REDACTED] to: (i) the development and upgrade of the MES system; (ii) the development and upgrade of powder classification and dispersion equipment; and (iii) the procurement of raw materials for batch production and customer validation.

- o Approximately [REDACTED]% of the net [REDACTED], or HK$[REDACTED] million, will be used to expand our R&D teams for nickel-based products, copper-based products and related solutions, as well as to recruit R&D and technical personnel with relevant industry experience to support the various technological development initiatives described above. Over the next five years, we expect to hire 10 to 20 highly educated R&D personnel annually.

- Approximately [REDACTED]% of the net [REDACTED], or HK$[REDACTED] million, will be used for expanding our production capacity, enhancing our delivery capabilities, enabling faster responses to regional demand and better serving our customers.

  - o Approximately [REDACTED]% of the net [REDACTED], or HK$[REDACTED] million, will be used to relocate and expand our Ningbo production base. We plan to acquire industrial land and build a state-of-the-art manufacturing facility, representing a major upgrade to our production infrastructure.

    This project will involve the complete relocation of our existing leased plant while focusing on large-scale capacity expansion for copper-based powder materials. Through scientific planning and dedicated functional zones, the new facility will optimize production workflows and floor layout, establishing a more efficient and standardized manufacturing system. Upon completion, the new Ningbo base will add annual capacity of 640 tons of copper-based powder materials. Specifically, the net [REDACTED] will be allocated to: (i) land acquisition; (ii) factory construction; (iii) relocation costs; and (iv) the copper powder production line — covering equipment purchase and installation, raw material procurement, and production labor costs.

    We expect this expansion to eliminate the production bottlenecks imposed by our current premises, enhance our refined production management, and further strengthen our overall operational capabilities and market competitiveness.

  - o Approximately [REDACTED]% of the net [REDACTED], or HK$[REDACTED] million, will be used to expand our Suqian production base. We plan to leverage existing land at our Suqian production base to build standardized factory buildings while simultaneously purchasing and installing production equipment and auxiliary facilities, thereby advancing large-scale commercial production of nickel-based and copper-based powder materials.

Upon completion, the Suqian production base will add annual capacity of 320 tons of nickel-based powder materials and 640 tons of copper-based powder materials. Specifically, the net [REDACTED] will be allocated to: (i) factory construction; (ii) the nickel powder production line, covering equipment purchase and installation, raw material procurement, and production labor costs; and (iii) the copper powder production line, covering equipment purchase and installation, raw material procurement, and production labor costs.

We expect this expansion to further optimize the capacity structure and product mix at Suqian, while effectively shortening delivery lead times, strengthening process control, and continuously improving delivery efficiency and quality consistency. We believe these initiatives will lay a solid foundation for our commitment to the high-end powder materials market.

- Approximately [REDACTED]% of the net [REDACTED], or HK$[REDACTED] million, will be used for mergers and acquisitions in global markets. We will seek strategic partnerships, investments or acquisition opportunities that are complementary to our business and aligned with our development strategies. Our target investments or acquisitions will primarily focus on mid- to high-end metal powder enterprises in global markets, as well as enterprises operating in downstream segments of the nickel powder, copper powder and alloy powder industry chains. In identifying potential acquisition targets, we primarily focus on companies with a proven track record — typically those with annual revenue exceeding RMB10 million — coupled with in-house R&D capabilities and proprietary production processes or technologies. According to Frost & Sullivan, based on the above criteria, we have more than 500 suitable investment and acquisition targets in the metal powder, capacitor and inductor industries.

  As of the Latest Practicable Date, we had not identified any specific investment or acquisition targets, nor had we entered into any definitive investment or acquisition agreements.

- Approximately [REDACTED]% of the net [REDACTED], or HK$[REDACTED] million, will be allocated for the repayment of certain interest-bearing bank borrowings, which were used as working capital. The interest rates for such bank borrowings range from 2.11% to 2.70%, with maturities generally within one year, and up to three years for certain borrowings.

- Approximately [REDACTED]% of the net [REDACTED], or HK$[REDACTED] million, will be used as working capital and for general corporate purposes.

If the [REDACTED] is set at HK$[REDACTED] per H Share, being the high end of the indicative [REDACTED] range, the net [REDACTED] from the [REDACTED] will increase by approximately HK$[REDACTED] million. If the [REDACTED] is set at HK$[REDACTED] per H Share, being the low end of the indicative [REDACTED] range, the net [REDACTED] from the [REDACTED] will decrease by approximately HK$[REDACTED] million.

If the [REDACTED] were exercised in full, the net [REDACTED] that we would receive would be approximately HK$[REDACTED] million, assuming an [REDACTED] of HK$[REDACTED] per H Share (being the [REDACTED] of the indicative [REDACTED] range).

To the extent that the net [REDACTED] from the [REDACTED] are either more or less than expected, we will adjust our allocation of the net [REDACTED] for the above purposes on a pro rata basis.

To the extent that the net [REDACTED] of the [REDACTED] are not immediately used for the above purposes, we will only deposit such funds into short-term interest-bearing accounts at 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. We will issue an appropriate announcement if there is any material change to the above proposed use of [REDACTED] in accordance with the Listing Rules.