

## FUTURE PLANS AND [REDACTED]

### FUTURE PLANS

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

### USE OF [REDACTED]

We estimate that the net [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] million, assuming an [REDACTED] of [REDACTED] per H Share (being the mid-point of the indicative range of the [REDACTED] of [REDACTED] to [REDACTED] per H Share), and that the [REDACTED] is not exercised. We plan to use the net [REDACTED] from the [REDACTED] for the following purposes:

- Approximately [REDACTED]% of the net [REDACTED] of the [REDACTED], or HK\$[REDACTED] million, is expected to be used to expand our production capacity and support global expansion, including the establishment of lithium-ion battery materials production bases in Yichang, Hubei Province (the “**Yichang Production Base**”), Szolnok, Hungary (the “**Hungary Production Base**”) and Jining, Shandong Province (the “**Jining Production Base II**”), thereby achieving localized production capacity and enhancing our product delivery capabilities in both domestic and overseas markets. See “Business — Our Strategies — Production Expansion and Global Layout.” Specifically:
  - (i) Approximately [REDACTED]% of the net [REDACTED] of the [REDACTED], or HK\$[REDACTED] million, is expected to be used for the construction of our Yichang Production Base for the production of electrolytes and LiPF<sub>6</sub>. Specifically: (a) approximately [REDACTED]%, or HK\$[REDACTED] million, is expected to be used for the purchase of machinery and equipment, such as production lines, storage tanks, analytical equipment, refrigeration units and electrical instruments, among others; and (b) approximately [REDACTED]%, or HK\$[REDACTED] million, is expected to be used for the purchase of software, such as manufacturing execution system (“**MES**”) and distributed control system (“**DCS**”).

As of the Latest Practicable Date, the construction of our electrolyte production lines was substantially completed. We expect to begin the construction of LiPF<sub>6</sub> production lines in 2027. We expect to begin the production of electrolytes in the fourth quarter of 2026 and LiPF<sub>6</sub> in 2028, respectively. Upon completion, the expected annual production capacity of the electrolytes at Yichang Production Base will be 100,000 tons. Our Yichang Production Base is expected to reach production volumes of 50,000 tons, 100,000 tons, 100,000 tons in 2027, 2028 and 2029, respectively, corresponding to utilization rates of 50.0%, 100.0% and 100.0% in the respective years. The LiPF<sub>6</sub> produced at our Yichang Production Base will be used to produce our electrolytes to strengthen our raw material security.

- (ii) Approximately [REDACTED]% of the net [REDACTED] of the [REDACTED], or HK\$[REDACTED] million, is expected to be used for the construction of our Hungary Production Base in the following three years for the production of electrolytes. Driven by the robust market demand for electrification in Europe and the need to deliver products efficiently to our customers operating in Europe, we are accelerating the construction of our Hungary Production Base to establish our footprint in the European supply chain and enhance our efficient delivery capabilities. Specifically: (a) approximately [REDACTED]%, or HK\$[REDACTED] million, is expected to be used for the construction, including design planning, civil construction, and basic interior fit-out within the Hungary Production Base; (b) approximately [REDACTED]%, or HK\$[REDACTED] million, is expected to be used for the purchase of machinery and equipment, such

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as production lines, storage tanks, power distribution systems, refrigerated storage tanks, forklifts, freight elevators, among others, as well as for the purchase of software, such as MES; (c) approximately [REDACTED]%, or HK\$[REDACTED] million, is expected to be used for the trial operation costs of our Hungary Production Base, covering expenditures such as the procurement of raw materials, auxiliary materials and other production supplies, as well as the payment of salaries and related remuneration for on-site production, technical and management personnel engaged in the trial operation.

As of the Latest Practicable Date, we had obtained the land use certificate for our Hungary Production Base. We expect to begin the construction of the Hungary Production Base in 2027 and begin the production of electrolytes in 2028. Upon completion, the expected annual production capacity of electrolytes for the Hungary Production Base will be 36,600 tons. Our Hungary Production Base is expected to reach production volumes of 10,000 tons, 36,600 tons and 36,600 tons in 2028, 2029 and 2030, respectively, corresponding to utilization rates of 27.3%, 100.0% and 100.0% in the respective years.

Based on our Hungary Production Base, we plan to adopt a market development strategy anchored on supporting the European capacity layout of our core customers, with phased outreach to downstream participants across the European industrial chain. Leveraging our cooperation framework with our domestic core customers we plan to replicate our proven domestic cooperation model in Europe to satisfy core customers' localized supply requirements on a proximity basis. In parallel, benefiting from Hungary's geographic position with a two-hour logistics radius covering major global leading new energy technology enterprises and other world-renowned customers, and capitalizing on the comprehensive cost advantages of localized manufacturing and differentiated electrolyte formulations customized to suit Europe's regional requirements and local application scenarios, we plan to proactively pursue business opportunities with other Chinese and foreign top-tier new energy battery manufacturers with overseas production footprints, and supply leading European end-customers through the supply chains of downstream battery manufacturers. Therefore, we will continuously optimize the revenue mix of our overseas business and mitigate risks associated with customer concentration. As of the Latest Practicable Date, we had not secured firm customer orders for our Hungary Production Base. Based on our communications with core customers and their European business development plans, we anticipate securing the relevant orders closer to the production commencement of the Hungary Production Base.

- (iii) Approximately [REDACTED]% of the net [REDACTED] of the [REDACTED], or HK\$[REDACTED] million, is expected to be used for the construction of our Jining Production Base II for the production of electrolytes. Jining is located in close proximity to our major customers who operate their battery production bases in the surrounding area. By constructing the Jining Production Base II, we expect to further leverage the local integrated supply chain and serve core customers in close proximity, thereby enhancing order fulfillment and improving production response times. We plan to construct Jining Production Base II on the existing vacant land adjacent to our Jining Production Base I. Specifically: (a) approximately [REDACTED]%, or HK\$[REDACTED] million, is expected to be used for the purchase of machinery and equipment, such as production lines, storage tanks, analytical equipment, refrigeration units and electrical instruments, among others; and (b) approximately [REDACTED]%, or HK\$[REDACTED] million, is expected to be used for the purchase of software, such as MES and DCS.

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We expect to begin the construction of Jining Production Base II by the end of 2026 and begin the production of electrolytes in 2027. Upon completion, the expected annual production capacity of electrolytes for Jining Production Base II will be 150,000 tons. Our Jining Production Base II is expected to reach production volumes of 50,000 tons, 100,000 tons and 150,000 tons in 2027, 2028 and 2029, respectively, corresponding to utilization rates of 33.3%, 66.7% and 100.0% in the respective years.

A summary of feasibility analysis with respect to the expansion of our production capacity domestically and overseas is as follows:

- o **Industry development.** According to Frost & Sullivan, driven by the continued penetration of NEVs worldwide, accelerated ESS layout, efficiency and integration upgrades in consumer electronics and rapid expansion in emerging applications such as robots and low-altitude economy applications, global electrolyte revenue is expected to reach RMB125.8 billion by 2030, with a projected CAGR of 20.9% from 2025 to 2030. In addition, as the energy transition continues to advance steadily, the electrolyte market in China is expected to reach RMB95.7 billion by 2030, with a CAGR of 21.0% from 2025 to 2030. Therefore, we are positioned to further expand our footprint in tandem with the industry development.

In addition, according to Frost & Sullivan, the electrolyte industry has been undergoing continuous consolidation. As battery manufacturers increasingly prioritize supply security, product consistency and delivery reliability, procurement volumes are becoming concentrated among large-scale electrolyte suppliers with proven track records. We believe future market share growth will be disproportionately captured by leading suppliers with large-scale manufacturing capabilities. Accordingly, our production expansion represents not only a response to overall industry growth but also a strategic initiative to position ourselves to benefit from ongoing industry consolidation.

- o **Policy support.** The lithium-ion battery industry benefits from favorable government policies and regulatory support. Notably, supported by “the Opinions of the CPC Central Committee and the State Council on Accelerating the Comprehensive Green Transformation of Economic and Social Development” (《中共中央、國務院關於加快經濟社會發展全面綠色轉型的意見》), policy frameworks have clearly emphasized accelerated progress in high energy density, long cycle life and high safety battery technologies, while continuing to advance the electrification of the new energy vehicle sector. In Europe, “Regulation (EU) 2019/631” and its subsequent amendments have progressively tightened vehicle-level carbon emission standards, reinforcing the central role of power batteries within the vehicle architecture. In addition, our domestic capacity expansion initiatives are consistent with national industrial policies. According to the New Energy Vehicle Industry Development Plan (2021–2035), the Chinese government explicitly supports the development of a technological supply system for key components of NEVs. As one of the key raw materials for power batteries, the prudent expansion of electrolyte production capacity contributes to maintaining the stable operation of the downstream NEV industry chain and supply chain, and is consistent with the policy objective of “promoting coordinated development across the entire power battery value chain” under this plan.
- o **Sales volume growth.** During the Track Record Period, the sales volume of our electrolyte products increased continuously, benefiting from the industry growth and policy support. The sales volume of our electrolyte products increased by 15.2% from 52,670 tons in 2023 to 60,676 tons in 2024, and further increased by 76.5% to 107,094 tons in 2025, and the total sales volume of our electrolyte

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products increased by 82.3% from 42,332 tons in the six months ended June 30, 2025 to 77,164 tons in the same period in 2026. Leveraging positive industry development and policy support, we expect market demand for our electrolyte products to rise further.

In addition, our capacity expansion is also driven by the increasing depth of cooperation with existing customers. According to Frost & Sullivan, once an electrolyte supplier successfully enters a battery manufacturer’s supply chain and completes product qualification, the battery manufacturers typically prefer to expand procurement volume with proven suppliers rather than frequently introduce new suppliers due to the stringent certification requirements, switching costs and product consistency requirements. As a result, demand growth from existing customers is often faster than overall market growth. Our planned capacity expansion therefore aims not only to support new customer acquisition but also to capture a larger share of procurement demand from existing strategic customers as their battery production capacity continues to expand.

Additional production capacity also supports our customer diversification strategy. While we maintain strong partnerships with existing strategic customers, expanded capacity enables us to pursue opportunities with a broader range of customers without affecting our ability to meet the demand requirements of our existing customer base.

- o ***Economies of scale.*** We continuously advance capacity expansion to fully capture the economies of scale arising from mass production, thereby optimizing our cost structure across multiple dimensions and enhancing overall operating efficiency. Specifically:
  - o ***Economies of scale in procurement.*** As our electrolyte production volume increases substantially, our procurement volumes for key raw materials, including solutes, solvents and additives, are expected to expand accordingly. Large-scale and long-term procurement requirements enhance our bargaining power within the supply chain, enabling us to lower unit raw material costs through arrangements such as long-term price-lock agreements and bulk purchasing.
  - o ***Synergies from internal supply of raw materials.*** We continue to advance our capacity expansion plans for key solutes such as  $\text{LiPF}_6$ , enabling partial internal sourcing of core raw materials. This improves supply stability while strengthening upstream-downstream capacity synergies, thereby further reducing overall production costs.
  - o ***Optimization of transportation and delivery costs.*** By leveraging localized and centralized production layouts, we shorten product transportation and delivery cycles, reduce expenditures on logistics, warehousing and related support services, and effectively lower costs incurred in the sales process. For example, our Hungary Production Base will serve leading global new energy innovation and technology companies and other internationally renowned customers, most of whom are located within a two-hour drive from our production facility. Our Yichang Production Base is located within a five-hour drive from core customers.
  - o ***Cost efficiencies from scaled operations.*** Capacity expansion significantly enhances our ability to dilute per-unit costs. On the one hand, fixed costs, such as depreciation of production equipment, are spread over a larger production volume, reducing fixed costs per unit. For example, in terms of

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the manufacturing costs under the cost of sales, with the continuous increase in our production volume from 52,700 tons in 2023 to 61,732 tons in 2024, and further to 108,221 tons in 2025, and from 42,329 tons in the six months ended June 30, 2025 to 78,547 tons in the same period in 2026, the average manufacturing costs were approximately RMB1,300 per ton, RMB1,200 per ton, RMB700 per ton, RMB800 per ton and RMB600 per ton, respectively. On the other hand, administrative and selling and distribution expenses do not increase proportionately with capacity growth; supported by centralized operational management and an optimized core customer base, their proportion of total costs continues to decline, further improving our overall cost structure and profitability.

- *Strengthened access to critical raw materials.* The expansion of our production capacity enhances our strategic significance within the battery materials value chain. As our procurement scale continues to increase, we expect to further strengthen long-term strategic relationships with key upstream suppliers and improve our ability to secure stable and preferential access to critical raw materials during periods of market volatility. Given that temporary supply-demand imbalances in key battery materials may materially affect production continuity and delivery performance, enhanced supply assurance capabilities represent an important competitive advantage and support the long-term stability of our operations and customer relationships.
- o *Overseas opportunity.* According to Frost & Sullivan, Hungary has in recent years actively promoted the inflow of foreign direct investment, and a number of new energy-related projects by Chinese enterprises have been implemented locally. As a core raw material for their power battery and ESS battery, our electrolyte production is well positioned to support the capacity deployment of such new energy customers and is aligned with Hungary’s industrial development orientation for the new energy and related sectors. Therefore, the construction of our production base in Hungary is closely aligned with the expansion of our upstream and downstream customers in Europe, enabling coordinated capacity deployment and supporting their localized supply requirements. With respect to our Hungary Production Base, the relevant business does not fall within any sector subject to foreign investment prohibitions or restrictions under Hungarian law. We plan to source core raw materials, including solutes, solvents and additives, primarily from long-term partner suppliers in China to ensure consistent quality and supply reliability. Certain general-purpose chemicals, auxiliary materials and supporting services are expected to be progressively procured from European or local suppliers, thereby reducing logistics costs and enhancing supply responsiveness. At the same time, by leveraging the geographic concentration of local power battery and ESS battery customers, we intend to establish proximity-based supply arrangements and coordinated production and sales operations, further enhancing the overall stability and cost efficiency of our supply chain.
- o *Forward-looking construction.* The construction of our Yichang Production Base, Hungary Production Base and Jining Production Base II is projected to take around 12 to 24 months, with commercial operations scheduled to commence in 2027 or 2028. Looking ahead, we anticipate that our existing production capacity will be insufficient to meet the growing customer demand by 2027 or 2028. Notably, our production utilization rate reached 80.8% in the fourth quarter of 2025 and 87.3% in the six months ended June 30, 2026, which reflects the strong growth in market demand from the fourth quarter of 2025. Against this backdrop, launching a targeted production capacity expansion initiative represents a forward-looking strategic move that aligns with our long-term market development goals. Upon

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completion, each of our Yichang Production Base, Hungary Production Base and Jining Production Base II is expected to achieve breakeven within one year, with investment payback periods of 4.0 years, 4.7 years and 5.8 years, respectively.

In addition, future capacity expansion is also intended to support the evolution of our product portfolio. With the increasing adoption of emerging battery technologies, production requirements are becoming more diversified and customized. Compared with conventional products, advanced electrolyte products often require more production flexibility, more frequent production-line adjustments and additional quality control procedures. Consequently, additional production capacity is necessary to support product innovation and diversification.

- o ***Customer preference.*** According to Frost & Sullivan, the rapid growth in demand for power batteries and ESS has heightened expectations among global new energy materials customers. These customers increasingly require their suppliers to demonstrate product consistency, operational reliability and the ability to provide a sustainable and secure supply of critical materials. Therefore, production capacity is not only a result of customer demand, but also a prerequisite for obtaining future customer orders. Suppliers with insufficient capacity reserves may face constraints in participating in large-scale procurement programs or future projects. Therefore, maintaining ample and forward-looking production capacity is essential for preserving our competitiveness and expanding our customer base. In response to these industry dynamics, we strategically expand our production capacity, enabling us to deliver stable output, meet stringent quality requirements and ensure timely fulfillment of customer orders. Additional production capacity enhances our responsiveness to customer demand fluctuations and enables us to accommodate short-notice orders, seasonal demand changes and accelerated customer production schedules, thereby improving customer service capabilities and strengthening competitive positioning. We believe that our enhanced production capabilities will not only strengthen our ability to support the long-term needs of our customers, but also reinforce the deep and stable relationships we have established with them.
- Approximately [REDACTED]% of the net [REDACTED] of the [REDACTED], or HK\$[REDACTED] million, is expected to be used for R&D activities in the following four years. Our focus will be on advancing research in next-generation battery materials, such as solid-state electrolytes (“SSE”), as well as other core raw materials including solutes and additives, to further strengthen our technological leadership. See “Business — Our Strategies — Continuous Technological Innovation and R&D Investment.”

Specifically, we plan to conduct R&D on SSE, LiPF<sub>6</sub> and additives. These areas of focus were selected to address growing market demand for next-generation battery materials across NEVs, ESS and emerging applications. Our R&D investments are expected to include: (i) the procurement of R&D equipment, such as sintering equipment and mixing machines for our SSE and LiPF<sub>6</sub> R&D, and dry rooms and battery testing equipment for our additives R&D; (ii) the recruitment of R&D specialists; (iii) the procurement of R&D materials, such as sulfide materials, cathode and anode materials and inert gases; and (iv) the procurement of software for R&D, such as MES. Specifically:

- o We expect to allocate approximately [REDACTED]%, or HK\$[REDACTED] million, for our R&D on SSE. We plan to develop sulfide electrolytes, oxide electrolytes and halide electrolytes, which are safer, have higher energy density and longer cycle life than conventional liquid lithium-/sodium-ion electrolytes. We expect to finalize the R&D and achieve the small-scale production in 2028 to meet market demand.

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- We expect to allocate approximately [REDACTED]%, or HK\$[REDACTED] million, for our R&D on LiPF<sub>6</sub>. We plan to develop the production process for liquid LiPF<sub>6</sub> electrolyte, which features high ionic conductivity, excellent electrochemical stability and low-temperature performance. We expect to finalize the testing by the end of 2027 and possess production capability in 2028.
- We expect to allocate approximately [REDACTED]%, or HK\$[REDACTED] million, for our R&D on additives. We plan to develop new electrolyte additives that form stable electrolyte interface films to suppress side reactions and extend battery life. We expect to finalize the testing in 2028 and possess production capability in 2029.

To support our R&D efforts in SSE, LiPF<sub>6</sub> and additives, we plan to recruit 27, 27 and 24 R&D specialists, respectively. Candidates must hold a bachelor’s degree or above and possess extensive experience in electrolyte, LiPF<sub>6</sub> and additive testing, experimentation, R&D and production processes.

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

If the [REDACTED] is set at the high end of the [REDACTED] range or the low end of the [REDACTED] range, the net [REDACTED] of the [REDACTED] will increase or decrease by approximately HK\$[REDACTED] million. To the extent our net [REDACTED] from the [REDACTED] (including the net [REDACTED] from the exercise of 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.

If the [REDACTED] are fully exercised, we will receive additional net [REDACTED] of approximately HK\$[REDACTED] million for [REDACTED] Shares to be allotted and issued based on the [REDACTED] of HK\$[REDACTED] per [REDACTED], being the mid-point of the [REDACTED] range, and after deducting the [REDACTED] payable by our Company. The additional amount raised will be applied to the above areas of [REDACTED] on a *pro rata* basis.

If any part of our development plan does not proceed as planned for reasons such as changes in government policies that would render the development of any of our projects not viable, or the occurrence of *force majeure* events, we will carefully evaluate the situation and may reallocate the [REDACTED] from the [REDACTED].

To the extent that the net [REDACTED] of the [REDACTED] are not immediately used for the purposes described above and to the extent permitted by the relevant laws and regulations, we will only deposit the unused net [REDACTED] 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).