
FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

Please see “Business – Our Strategies” for a detailed discussion of our future plans.

We estimate the net proceeds of the [REDACTED] which we will receive, assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the [REDACTED] range stated in the Document), will be approximately HK\$[REDACTED] million, after deduction of [REDACTED] and commissions and estimated expenses payable by us in connection with the [REDACTED] and assuming the [REDACTED] is not exercised.

USE OF PROCEEDS

In accordance with our strategy, we plan to use the proceeds for the following intended purposes in the amounts set forth below:

- Approximately [REDACTED] of the proceeds (approximately HK\$[REDACTED] million) will be used to build and expand a number of production base projects for EV battery and ESS products, of which:
 - (i) [REDACTED] of the proceeds (approximately HK\$[REDACTED] million) will be used to purchase equipment, materials and others,
 - (ii) [REDACTED] of the proceeds (approximately HK\$[REDACTED] million) will be used for construction of plants and ancillary structures,
 - (iii) [REDACTED] of the proceeds (approximately HK\$[REDACTED] million) will be used for preliminary planning and trial production of related activities.

Based on the existing fund raising and investment projects, we estimate the current production capacity of each relevant production base is expected to range from 10GWh to 20GWh. The corresponding investment amount of each production base will range from approximately RMB5,000 million to RMB10,000 million. At the same time, we will expand the existing production bases, add various production lines, and continue with technological transformation and upgrade. We expect our effective production capacity to expand to approximately 25GWh and approximately 55GWh in 2022 and 2023, respectively.

We believe that the production capacity of our existing production bases and building new production bases and facilities will help improve our economies of scale, support our business expansion and continue to drive the development of battery industry. Based on our expectation that the EV battery market and ESS market will continue to grow rapidly, in particular the EV battery market for NEVs, we believe it is crucial to expand our production capacity and establish new production bases.

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- Approximately [REDACTED] of the proceeds (approximately HK\$[REDACTED] million) will be used for R&D of advanced technologies to maintain technological leadership, which include:
 - (i) approximately [REDACTED] (approximately HK\$[REDACTED] million) will be used for the development of core technologies for advanced materials, advanced batteries and battery lifespan management.
 - (ii) approximately [REDACTED] (approximately HK\$[REDACTED] million) will be used for experiments, pilot capacity building and advanced manufacturing technology development.
- Approximately [REDACTED] of the proceeds (approximately HK\$[REDACTED] million) will be used for working capital and general corporate purposes.

If the [REDACTED] is fixed at HK\$[REDACTED] per [REDACTED] (being the high end of the [REDACTED] range stated in this document), we will receive additional net proceeds of approximately HK\$[REDACTED] million, assuming the [REDACTED] is not exercised. If the [REDACTED] is fixed at HK\$[REDACTED] per [REDACTED] (being the low end of the [REDACTED] range stated in this document), the net proceeds we receive will be reduced by approximately HK\$[REDACTED] million, assuming the [REDACTED] is not exercised. The above allocation of the proceeds will be adjusted on a pro rata basis in the event that the [REDACTED] is fixed at a higher or lower level compared to the midpoint of the estimated [REDACTED] range.

In the event that the [REDACTED] is exercised in full, the additional net proceeds that we would receive would be HK\$[REDACTED] million (assuming an [REDACTED] of HK\$[REDACTED] per Share, being the mid-point of the [REDACTED] range stated in the Document). Additional net proceeds received due to the exercise of any [REDACTED] will be used for the above purposes accordingly on a pro rata basis if the [REDACTED] is exercised.

To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by applicable law and regulations, we propose to deposit the net proceeds into short-term deposits or money market instruments.