
FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

See “Business – Growth Strategies” for a detailed description of our future plans.

USE OF PROCEEDS

Assuming an Offer Price of HK\$35.90 per H Share (being the midpoint of the range of the Offer Price stated in this Prospectus), we estimate that we will receive net proceeds of approximately HK\$3,627.9 million from the Global Offering after deducting the underwriting commissions and other estimated expenses in connection with the Global Offering (assuming the Over-allotment Option is not exercised). We intend to use our proceeds for the purposes and in the amounts set forth below.

- approximately 50.0%, or HK\$1,814.0 million, will be used to expand production and supply chain capabilities. In particular:
 - (i) approximately 35.0%, or HK\$1,269.8 million, will be used for the establishment of phase I project of our South Korea production base (the “**South Korea Phase I Project**”) to expand our nickel-based materials production capacity, with an estimated annual production capacity of nickel-based pCAM of 36,000 metric tons.

According to Frost & Sullivan, the demand for nickel-based pCAM is expected to continue to grow, with shipment volume expected to increase from 1.0 million metric ton in 2024 to 3.1 million metric ton in 2030 at a CAGR of 21.6%. See “Industry Overview – Overview of New Energy Battery Materials Market – Global Nickel-based Material Market.” Our South Korea production base is located in Pohang, South Korea, which is planned to integrate both refining facilities, focusing on producing nickel sulfate, and new energy battery materials production facilities for nickel-based materials to bring us closer to certain key customers and the second largest battery producing country. See “Business – Growth Strategies – Continue to enhance global footprint and strengthen stable supply of upstream resources,” and “Business – Production – Production Base – South Korea.”

In particular, we plan to use (i) approximately 14.0%, or HK\$507.9 million, for construction of plants, which is expected to be finished in 2027, (ii) approximately 15.0%, or HK\$544.2 million, for procurement of production equipment, such as rotary kiln, reactor and centrifuge, which is expected to be finished by 2026, and (iii) approximately 6.0%, or HK\$217.7 million, for hiring talents of approximately 350 in total, including approximately 295 production operators, approximately 10 technical engineers, approximately 40 management personnel and approximately 5 sales personnel, with estimated annual salaries ranging from HK\$300,000 to HK\$4.0 million per person.

As of the Latest Practicable Date, our South Korea Phase I Project was at planning stage. We expect to complete the construction and commission of our South Korea Phase I Project in 2027. The total investment in South Korea Phase I Project is expected to be approximately RMB1.9 billion. As of the December 31, 2024, we have invested approximately RMB160 million for the South Korea Phase I Project at the planning stage. The establishment of the South Korea Phase I Project is expected to increase our annual production capacity of nickel-based materials of 36,000 metric tons, and reduce the cost of logistics to serve the local customers in South Korea. However, the absolute amount of relevant operation expenses is expected to increase due to the growing production volume and expanded business scale;

- (ii) approximately 15.0%, or HK\$544.2 million, will be used to construct and exploit the phosphate mine in Kaiyang, Guizhou, PRC (the “**Kaiyang Phosphate Mine**”). In particular,

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we plan to use (i) 12.0%, or HK\$435.3 million, for procurement of mining equipment, such as ball mill, flotation machine, crusher and thickener, as well as the equipment installation expenses, and (ii) 3.0%, or HK\$108.8 million, for land acquisition costs. Kaiyang was one of the China's most resource-rich regions for phosphate mining, known for its high-grade phosphate rock deposit. To capture the growth in demand for LFP batteries and further expand our product portfolio, we ramped up production of phosphorous-based pCAM launched in 2022 and started the production of LFP in 2024. As an important supporting project for our expansion in phosphorus-based materials, we held 100.0% equity interest in the Kaiyang Phosphate Mine, and obtained the mining license in December 2024. We entered into a capital increase agreement with a state-owned limited partnership in June 2025 for the Kaiyang Phosphate Mine, upon completion of which, we will hold 79.4% equity interest in the Kaiyang Phosphate Mine. The permitted production scale of the Kaiyang Phosphate Mine is 2.8 million ton per year. The total investment in the Kaiyang Phosphate Mine is expected to be RMB2.4 billion, including the land acquisition costs, construction costs, equipment costs and others such as working capitals. The rest of the investment is expected to be funded by our self-owned funds and external financing, such as proceeds from other investors and banking facilities. As of the Latest Practicable Date, the Kaiyang Phosphate Mine was under construction. As of June 30, 2025, we have invested RMB75 million in Kaiyang Phosphate Mine. We expect to commence construction by the end of 2025, and put the Kaiyang Phosphate Mine into trial production by the end of 2028. We expect that the investment in the Kaiyang Phosphate Mine will bring us more economic raw materials for our phosphate-based materials.

- approximately 40.0%, or HK\$1,451.2 million, will be used for R&D of new energy battery materials and advancing digitalization. In particular:
 - (i) approximately 25.0%, or HK\$907.0 million, will be used for R&D of new energy battery materials, i.e., the nickel-based materials, cobalt-based materials, phosphorus-based materials, and black mass recycling. Technology and R&D are the core of our business. To further invest in R&D of our major types of new energy battery material, we expect to be better positioned to seize the market opportunities and enhance the reliability of our client upon us. See “Business – Growth Strategies – Leverage technologies to address the emergent demands fueled by industry tailwinds.” In particular, we plan to use (i) 8%, or HK\$290.2 million for enhancement of our R&D infrastructure, including (a) establishment of new R&D facilities, such as testing platform and pilot workshop, in Ningxiang and Kaiyang, which is expected to be finished in 2026, and (b) procurement of equipment, mainly including physicochemical testing equipment and reactor, which is expected to be finished in 2026, (ii) 4.3%, or HK\$156.0 million for recruitment of more talents, with experience in R&D and production in new energy battery material area, with expected annual salaries ranging from HK\$320,000 to HK\$1.1 million, and (iii) 12.7%, or HK\$460.7 million, will be used to procure R&D materials and energy. Through such R&D efforts, we expect to further enhance our competitive advantages in product quality and further enrich our production mix; and
 - (ii) approximately 15.0%, or HK\$544.2 million, will be used for advancing digitalization across our integrated operations, especially in management, production and financial systems developing. We are committed to promote digitalization across our operation to foster intelligent and sustainable growth, which is expected to further enhance our operation efficiency. See “Business – Growth Strategies – Promote digitalization and intelligent technologies across all aspects of operation.” In particular, we plan to use (i) 12.4%, or HK\$449.9 million to engage external experts, including internal control experts and IT solution providers, for development of relevant digitalization systems, (ii) 2.6%, or HK\$94.3 million for enhancing our digitalization infrastructure including procurement of

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software, such as R&D process management software, sales and marketing management software, production process management software, warehouse management software as well as other software associated with our operation management, and IT infrastructure, such as servers and standardized digital data centers. Through advancing the digitalization across our integrated operations, we expect to further enhance our operation efficiency; and

The table below sets forth our proposed allocation of net proceeds for above purposes:

	2026	2027	2028
Enhancement of international presence	HK\$1,107.2 million	HK\$541.7 million	HK\$165.1 million
Establishment of South Korea Phase I Project	HK\$889.5 million	HK\$380.3 million	–
Development of Kaiyang Phosphate Mine	HK\$217.7 million	HK\$161.4 million	HK\$165.1 million
R&D of new energy materials and advancing digitalization	HK\$579.4 million	HK\$572.3 million	HK\$299.5 million
R&D of new energy battery materials	HK\$307.1 million	HK\$300.4 million	HK\$299.5 million
Advancing digitalization	HK\$272.3 million	HK\$271.9 million	–

- approximately 10.0%, or HK\$362.8 million, will be used for working capital and other general corporate purposes.

In the event that the Offer Price is set at the maximum Offer Price or the minimum Offer Price of the indicative Offer Price range, the net proceeds of the Global Offering will increase or decrease by approximately HK\$194.6 million, respectively. If we make an upward or downward offer price adjustment to set the final Offer Price to be above or below the mid-point of the Offer Price range, we will increase or decrease the allocation of the net proceeds to the above purposes on a pro rata basis.

The additional net proceeds that we would receive if the Over-allotment Option was exercised in full would be (i) HK\$580.9 million (assuming an Offer Price of HK\$37.80 per H Share, being the maximum Offer Price of the indicative Offer Price range), (ii) HK\$551.7 million (assuming an Offer Price of HK\$35.90 per H Share, being the mid-point of the indicative Offer Price range) and (iii) HK\$522.5 million (assuming an Offer Price of HK\$34.00 per H Share, being the minimum Offer Price of the indicative Offer Price range). We intend to apply the additional net proceeds to the above uses on a pro rata basis.

To the extent that the net proceeds of the Global Offering are not immediately used for the above purposes or if we are unable to effect any part of our future development plans as intended, we may hold such funds 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 applicable laws and regulations in other jurisdictions). In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.