

Hong Kong as a center for critical minerals companies to raise capital and execute M&A.

With rapid technological progression, it has fuelled an exponential surge in the economic activities of critical minerals companies, these enterprises have been actively seeking venues for financing and looking for opportunities in mergers and acquisitions (M&A). Hong Kong as an international financial centre supports M&A of the critical minerals sector and The Stock Exchange of Hong Kong Limited (HKEX) provides a platform for the critical minerals companies to raise capital.

Tianqi Lithium (9696.HK) raised US\$ 1.7 billion from The HKEX in 2022. Tianqi Lithium is one of the world's top suppliers of rechargeable battery components for electric vehicles. Tianqi Lithium's developments benefit from a global trend to promote the use of electric vehicles. Lithium is a core element of batteries for electric vehicles. Other uses of Lithium batteries include portable electronics and grid storages, marking an industry of considerable growth and potential. The heightened production of electric vehicles has prompted a keen market interest and continual equity investment in this sector. A notable recent news in July 2023 is Tianqi Lithium has agreed to invest US\$150 million into Smart, the EV brand planned to raise US\$ 250 to US\$ 300 million via series-A funding which it hoped to enhance its long-term sustainable development strategy and accelerate its global development. Smart is a joint venture of Germany's Mercedes-Benz Group AG and China's Zhejiang Geely Holding Group. With the support of Mercedes-Benz and Geely, Smart is accelerating its global development and business operation.



China Graphite Group Limited (China Graphite) listed on the Main Board of HKEX on 18 July 2022, and raised about US\$ 17 million. China Graphite Group Ltd is a China-based company principally engaged in the production and sale of flake graphite concentrate and spherical graphite. The Company is also engaged in graphite mining. The Company's flake graphite concentrates are suitable for heat-resistant materials and other value-added uses, such as spherical graphite, and are used as anode materials for electronic devices and lithium-ion batteries for new energy vehicles.

We also noted that the increasing M&A of the critical minerals sector. On 7 August 2019, Earthasia International Holdings Limited (Earthasia), a company that provides landscape architectural services in Hong Kong and China acquired 100% issued share capital of Think High Global Limited (TH Global) and commenced the graphene business. The principal businesses of TH Global include the development, production and sales of graphene products. From 7 August 2019 to 31 December 2019, the graphene segment contributed revenue of approximately US\$ 15.83 million, representing approximately 39.3% to Earthasia's total revenue. In 2021, Earthasia changed its name to Graphex Group Ltd. which reflect the company changed its primary business focus to graphene research, manufacturing, and development to support renewable energy industries.



CITIC Limited (0267.HK), a constituent of the HKEX's Hang Seng Index is an investment holding company and along with subsidiaries operates its business through six segments: the financial services segment, the manufacturing segment, the resources and energy segment, the engineering contracting segment, the real estate segment, and the others segment. In 2018, CITIC Metal, a subsidiary of CITIC Limited acquired 19.9% stake in Ivanhoe Mines, a Canada-based mineral exploration and development company for US\$ 556.87 million. This strategic acquisition allows Citi Limited to invest in the niobium production business in Brazil. Niobium is used in various superconducting materials; these alloys are widely used in superconducting magnets of MRI scanners.

With the increasing demand for critical minerals which are essential components in many of today's rapidly growing clean energy technologies – from wind turbines and electricity networks to electric vehicles, Hong Kong provides an effective platform for financing the development of the critical minerals sector.

Moore Hong Kong is in position to support the critical minerals companies to raise capital and execute M&A transactions.



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