

金力永磁 JLMAG

江西金力永磁科技股份有限公司
JL MAG RARE-EARTH CO., LTD.

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

STOCK CODE : 06680



2025

INTERIM REPORT

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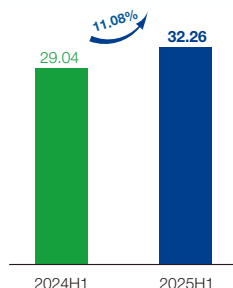


COMPANY HIGHLIGHTS

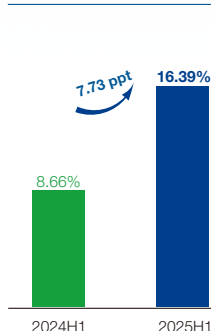
The Company Achieved Steady Revenue Growth with Simultaneous Enhancement in Gross and Net Profits

Steady increase in revenue from principal business

Unit: RMB100 million

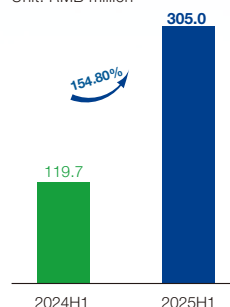


Significant increase in gross profit margin



Significant increase in profit attributable to owners of the parent

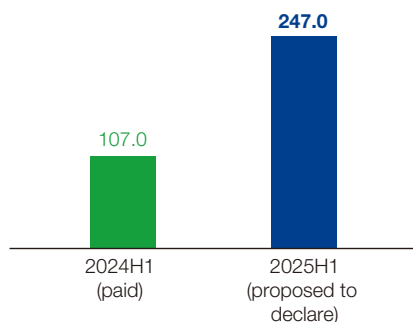
Unit: RMB million



The Company Proposed to Declare an Interim Dividend

Cash dividends

Unit: RMB million



Since its listing in 2018, the Company has distributed cash dividends every year. The cumulative cash dividends exceeded RMB1,200 million, representing over 47% of the cumulative profit attributable to owners of the parent for the same period.

For the six months ended 30 June 2025, the Company proposed to declare an interim dividend, planning to distribute a cash dividend of RMB1.8 (tax inclusive) per 10 shares to all shareholders. The estimated amount of dividend payout is RMB247 million, accounting for 81% of the profit attributable to owners of the parent for the Reporting Period.

The Company Secured Financing in the Capital Market

The Company has effectively leveraged its status as a listed entity to raise financing from the capital markets, enhancing its capital market recognition while strengthening its capital reserves. In December 2024, the Company completed the issuance of new H Shares, raising total proceeds of approximately **HKD210 million**. Additionally, in August 2025, the Company successfully issued USD117.5 million (approximately **HKD926 million**) convertible bonds convertible into H Shares of the Company. The bonds have a five-year term and an annual interest rate of 1.75%. After deducting the issuance expenses, the net proceeds amounted to USD115 million (approximately **HKD906 million**).

DEFINITIONS

“2024H1”	the six months ended 30 June 2024
“2025H1”	the six months ended 30 June 2025
“3C”	an abbreviation for three types of electronic products: Computer, Communication and Consumer Electronics
“A Share(s)”	domestic share(s) of the Company with a par value of RMB1.00 each, which are listed on the ChiNext of the Shenzhen Stock Exchange and traded in RMB
“A Share Employee Stock Ownership Plan”	the 2025 A share employee stock ownership plan of the Company as considered and approved by the Board on 28 March 2025 and by the annual general meeting of the Company on 28 May 2025
“Articles of Association”	the articles of association of JL MAG Rare-Earth Co., Ltd.
“Board”	the Board of Directors
“CAGR”	compound annual growth rate
“Chairman”	the chairman of the Board
“China Rare Earth Group”	China Rare Earth Group Co., Ltd.
“close associate(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Company Law”	the Company Law of the People’s Republic of China
“Controlling Shareholder Subscriber”	Ruide Venture or its designated direct/indirect wholly-owned overseas subsidiaries
“Controlling Shareholder Subscription”	the subscription of new H Shares by the Controlling Shareholder Subscriber under the H Share Subscription Agreement
“Controlling Shareholders”	has the meaning ascribed to it under the Listing Rules and, unless the context requires otherwise, means a group of controlling shareholders of the Company consisting of Mr. Cai Baogui (蔡報貴), Mr. Hu Zhibin (胡志濱), Mr. Li Xinnong (李忻農), Ruide Venture, Ruide Hong Kong, Ganzhou Geshuo and Ganzhou Xinsheng
“Corporate Governance Code”	Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company or any one of them
“energy-saving VFACs”	energy-saving variable-frequency air-conditioners

DEFINITIONS (CONTINUED)

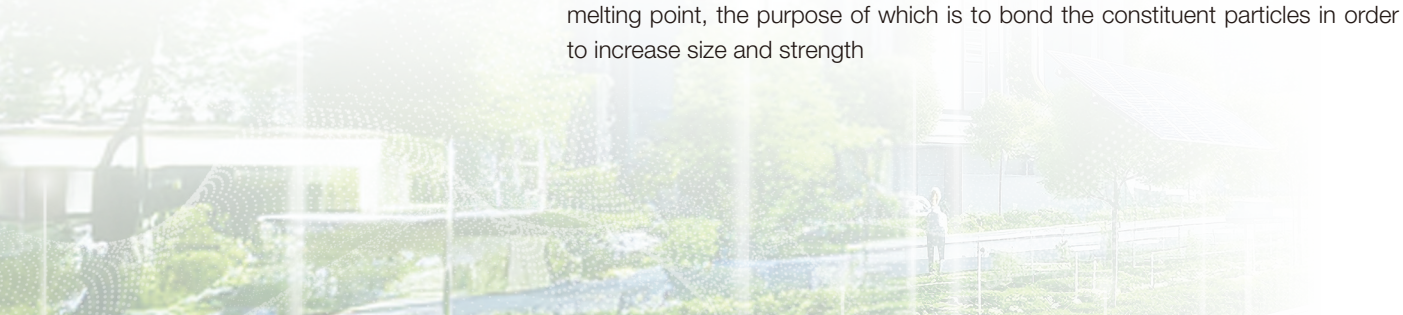
“ESG”	environmental, social and governance
“Extel”	an international financial ranking institution, formerly known as Institutional Investor magazine
“Frost & Sullivan”	Frost & Sullivan (弗若斯特沙利文諮詢公司)
“Ganzhou Geshuo”	Ganzhou Geshuo Investment Management Center (limited partnership), a shareholder of the Company, owned as to 61.00% by Hu Zhibin and 39.00% by Li Xinnong
“Ganzhou Xinsheng”	Ganzhou Xinsheng Investment Management Center (limited partnership), a shareholder of the Company, owned as to 89.12% by Cai Baogui and 10.88% by Hu Zhibin
“Global Offering”	the Hong Kong Public Offering and the International Offering
“grain boundary diffusion (GBD) technology”	technology that allows the Dysprosium or Terbium to penetrate into the magnet through its grain boundary when the heat treatment temperature is higher than the melting point of Nd-rich phase
“Group”	JL MAG and its subsidiaries
“H Share Restricted Share Scheme”	the 2025 H Share restricted share scheme of the Company as considered and approved by the Board on 28 March 2025 and by the annual general meeting of the Company on 28 May 2025
“H Share Subscription Agreement”	the conditional H share subscription agreement dated 26 January 2024, entered into by the Company and Ruide Venture, in relation to the subscription of not more than 20,171,568 new H Shares (stated figure inclusive) by the Controlling Shareholder Subscriber
“H Share(s)”	overseas listed foreign share(s) of the Company, with a nominal value of RMB1.00 each, which are listed on the Stock Exchange and traded in Hong Kong dollars
“high-performance REPMs”/ “high-performance NdFeB PMs”	according to industry practice, sintered NdFeB PMs with the sum of intrinsic coercivity (H _{cj} , kOe) and maximum energy product ((BH) max, MGOe) higher than 60 are high-performance NdFeB PMs
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong dollar”	Hong Kong dollars and cents, the lawful currency of Hong Kong
“Hong Kong Listing Rules” or “Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time

DEFINITIONS (CONTINUED)

“Independent Third Party(ies)”	a person or persons or a company or companies which, to the best of our Directors’ knowledge, information and belief, having made all reasonable enquiries, is independent of and not connected with (within the meaning of the Hong Kong Listing Rules) any of the Directors, chief executive and substantial shareholders (within the meaning of the Hong Kong Listing Rules) of the Company, any of its subsidiaries or any of their respective associates (within the meaning of the Hong Kong Listing Rules)
“JL MAG” or “Company”	JL MAG Rare-Earth Co., Ltd. (江西金力永磁科技股份有限公司)
“JL MAG Green Tech (Hong Kong)”	JL MAG Green Tech (Hong Kong) Co., Ltd. (金力永磁綠色科技(香港)有限公司), a wholly-owned subsidiary of the Company
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers under Appendix C3 to the Listing Rules
“NdFeB PMs”	alloy magnets composed of neodymium, iron, boron, and other trace metal elements, and as the third-generation rare earth permanent magnet, are characterized by compact size, lightweight, and strong magnetic properties
“NEVs”	new energy vehicles
“Northern Rare Earth Group”	China Northern Rare Earth Group High-Tech Co., Ltd. (中國北方稀土(集團)高科技股份有限公司)
“permanent magnets” or “PMs”	permanent magnets, also known as permanent magnetic material or hard magnetic material, refers to a functional material that can retain the magnetism for a long time after being magnetized and having the external magnetic field removed, and can withstand the interference of a certain intensity of external magnetic field. PMs can realize important functions such as electrical signal conversion and electrical energy/mechanical energy transmission, and are widely applied to the fields of energy, transportation, machinery, medical treatment, computers and home appliances
“Placing”	the placing of up to 6,723,800 new H Shares by the Placing Agent on a best effort basis pursuant to the terms of the Placing Agreement
“Placing Agent”	DBS Asia Capital Limited (星展亞洲融資有限公司), a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities, being the sole placing agent appointed for the Placing
“Placing Agreement”	the placing agreement entered into between the Company and the Placing Agent on 19 December 2024 in respect of the Placing
“Prospectus”	the prospectus of the Company dated 31 December 2021

DEFINITIONS (CONTINUED)

“rare earth(s)”	generic term for a set of 17 rare earth elements of lanthanides, including lanthanum (La), cerium (Ce), praseodymium (Pr), neodymium (Nd), promethium (Pm), samarium (Sm), europium (Eu), gadolinium (Gd), terbium (Tb), dysprosium (Dy), holmium (Ho), erbium (Er), thulium (Tm), ytterbium (Yb) and lutetium (Lu), and their congeners elements scandium (Sc) and yttrium (Y). According to the atomic weight and physical and chemical properties of the elements, they are divided into light, medium and heavy rare earth elements. The first five elements are light rare earths and the rest are medium and heavy rare earths. Due to their unique physical and chemical properties, rare earths are widely used in new energy, new materials, energy conservation and environmental protection, aerospace, electronic information and other fields as an indispensable and important element in modern industry
“REPMs”	rare earth permanent magnets are a type of permanent magnet material based on intermetallic compounds formed by rare earth metal elements (“RE”, including Sm, Nd and Pr) and transition metal elements (“TM”, including Fe and Co), commonly referred to as rare earth intermetallic compound permanent magnets, or REPMs for short. Since the 1960s, with three major breakthroughs in the maximum energy product, three generations of rare earth permanent magnets with practical application value have been successfully developed. The first generation is represented by SmCo_5 alloy, the second generation is represented by $\text{Sm}_2\text{Co}_{17}$ alloy, the third generation is represented by Nd-Fe-B alloy. Among them, NdFeB magnets have been industrialized and are with the best comprehensive performance in current industrial production
“Reporting Period”	from 1 January 2025 to 30 June 2025
“RMB”	Renminbi, the lawful currency of the PRC
“Ruide Hong Kong”	Rui De (Hong Kong) Limited (香港銳德有限公司), a wholly-owned subsidiary of Ruide Venture
“Ruide Venture”	Jiangxi Ruide Venture Investment Co., Ltd. (江西瑞德創業投資有限公司), one of the controlling shareholders of the Company
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Law of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shares”	domestic Shares and H Shares
“Shenzhen Stock Exchange”	Shenzhen Stock Exchange (深圳證券交易所)
“sintering”	a heat treatment for mineral powder that applies a temperature below the melting point, the purpose of which is to bond the constituent particles in order to increase size and strength



DEFINITIONS (CONTINUED)

“smelting”	a metallurgical process which extracts metal from ores by such methods as roasting, smelting, electrolysis and the use of chemical reagents, reduce impurities contained in the metal, increase a certain composition of the metal and make the required metal
“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisor(s) of the Company or any one of them
“surface treatment”	a process which aims to artificially create a surface layer with mechanical, physical, and chemical properties different from those of the substrate material
“Yinhai New Materials”	Bayannur Yinhai New Materials Co., Ltd. (巴彥淖爾市銀海新材料有限責任公司)
“%”	percentage



CORPORATE INFORMATION

Legal Name

JL MAG Rare-Earth Co., Ltd.

English Name

JL MAG Rare-Earth Co., Ltd.

Chinese Short Name

金力永磁

English Short Name

JL MAG

Legal Representative

Mr. Cai Baogui

Executive Directors

Mr. Cai Baogui

Mr. Lyu Feng

Non-Executive Directors

Mr. Hu Zhibin

Mr. Li Xinnong

Mr. Liang Minhui

Mr. Li Xiaoguang

Independent Non-Executive Directors

Mr. Zhu Yuhua

Mr. Xu Feng

Ms. Cao Ying

Audit Committee

Ms. Cao Ying (*chairman*)

Mr. Hu Zhibin

Mr. Zhu Yuhua

Nomination Committee

Mr. Xu Feng (*chairman*)

Mr. Cai Baogui

Ms. Cao Ying

Remuneration and Appraisal Committee

Mr. Zhu Yuhua (*chairman*)

Mr. Xu Feng

Mr. Lyu Feng

Strategy Committee

Mr. Cai Baogui (*chairman*)

Mr. Hu Zhibin

Mr. Li Xinnong

Mr. Li Xiaoguang

Mr. Xu Feng

Mr. Zhu Yuhua

ESG Committee

Mr. Cai Baogui (*chairman*)

Ms. Cao Ying

Mr. Yu Han

Mr. Yi Pengpeng

Mr. Su Quan

Authorized Representatives

Mr. Cai Baogui

Ms. Zhang Xiao

Company Secretaries

Mr. Lu Ming (*resigned on 20 January 2025*)

Ms. Zhang Xiao

Mr. Lai Xunlong (*appointed on 20 January 2025*)

Board Secretary

Mr. Lai Xunlong



CORPORATE INFORMATION (CONTINUED)

Securities Affairs Representative

Mr. Liu Zhaolin

Principal Banks

The Export-Import Bank of China Jiangxi Branch
Industrial and Commercial Bank of China Limited
Agricultural Bank of China Limited
Bank of China Limited
China Construction Bank Corporation
China Merchants Bank Co., Ltd.

Share Registrar

A Share:
China Securities Depository and Clearing Co., Ltd.
Shenzhen Branch
Shenzhen Stock Exchange Plaza
No. 2012 Shennan Avenue
Futian CBD, Futian District, Shenzhen City
Guangdong Province

H Share:
Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

Listing Venue

A Share:
Shenzhen Stock Exchange
Stock Short Name: 金力永磁
Stock Code: 300748

H Share:
The Stock Exchange of Hong Kong Limited
Stock Code: 06680

Auditors

International Auditor
Ernst & Young

PRC Auditor
Ernst & Young Hua Ming LLP

Registered Office and Principal Place of Business

The PRC

Industrial Area, Economic and Technological Development Zone, Ganzhou City, Jiangxi Province
81 West Jinling Road
Economic and Technological Development Zone
Ganzhou City, Jiangxi Province, the PRC

Hong Kong

40/F, Dah Sing Financial Centre
248 Queen's Road East
Wanchai, Hong Kong

Company's Website

www.jlmag.com.cn

Legal Advisers

The PRC:

Jingtian & Gongcheng

34/F, Tower 3
China Central Place
77 Jianguo Road
Chaoyang District
Beijing, the PRC

Hong Kong:

Haiwen & Partners LLP

Suites 1101–1104, 11/F, One Exchange Square
8 Connaught Place
Central, Hong Kong



SUMMARY OF FINANCIAL INFORMATION

	For the six months ended 30 June			
	2025 RMB'000	2024 RMB'000	Change RMB'000	Change %
Revenue	3,507,039	3,361,532	145,507	4.33%
Gross profit	574,797	291,198	283,599	97.39%
Profit attributable to owners of the parent	304,953	119,677	185,276	154.81%
Net cash flows (used in)/from operating activities	-549,058	330,761	-879,819	-266.00%
Basic and diluted earnings per share (RMB)	0.22	0.09	0.13	144.44%

During the Reporting Period, the Company achieved revenue of RMB3,507.0 million, representing an increase of RMB145.5 million or 4.33% compared to RMB3,361.5 million for the six months ended 30 June 2024.

During the Reporting Period, profit attributable to owners of the parent amounted to RMB305.0 million, representing an increase of RMB185.3 million or 154.81% compared to the six months ended 30 June 2024.

During the Reporting Period, cash flows used in operating activities amounted to RMB549.1 million, representing a decrease of approximately 266.00% compared to the six months ended 30 June 2024.

The Board of the Company has resolved to propose a declaration of an interim dividend of RMB1.8 (tax inclusive) per 10 shares in cash for the six months ended 30 June 2025.



MANAGEMENT DISCUSSION AND ANALYSIS

I. INDUSTRY DEVELOPMENT TREND

(I) High-Performance NdFeB PM Industry Enjoys Strong Support from Government Industrial Policies

High-performance REPMs are essential components in the clean energy, energy conservation and environmental protection sectors, which play an important role in reducing power consumption of various types of motors and are widely used in fields such as NEVs and automotive parts, energy-saving VFACs, wind power, robots and industrial servo motors, 3C, low-altitude aircraft, energy-saving elevators, and rail transit. Actively developing the REPM industry is in line with the current trend, and is conducive to the formation of new-quality productive forces and strengthening the new drivers of growth.

In 2025, to vigorously stimulate consumption and expand domestic demand, the State Council outlined key measures in the 2025 Government Work Report and other supporting policy documents. In particular, to implement the special consumption-boosting initiatives, the central government plans to issue ultra-long-term special government bonds of RMB300 billion to support the consumer goods trade-in programs. These programs promote the intelligent and green upgrading of high-value durable goods such as automobiles, home appliances, and home furnishings, while offering subsidies for the purchase of digital products like mobile phones, tablets, and smartwatches.

In terms of accelerating the development of new-quality productive forces and modern industrial systems, the 2025 Government Work Report explicitly proposes to foster and expand emerging and future industries, advance the cluster development of strategic emerging industries, launch demonstration projects for new technologies, products, and scenarios, and promote the safe and healthy development of emerging industries such as commercial aerospace and the low-altitude economy. The report also demanded continuous efforts to advance the “AI+” initiatives, integrate digital technologies with manufacturing strengths and market advantages, support the widespread application of large language models (LLMs), and vigorously develop next-generation intelligent end-user products such as intelligent connected vehicles, AI-powered smartphones and computers, intelligent robots, and smart manufacturing equipment.

(II) Strategic Importance of Rare Earths and Related Items Continues to Rise

On the evening of April 4, 2025, pursuant to the Export Control Law of the People’s Republic of China and other relevant laws and regulations, the Ministry of Commerce and the General Administration of Customs, issued an announcement imposing export controls on certain medium and heavy rare earth related items. Exporters of these products are required to apply for export licenses from the Ministry of Commerce under the State Council.

Following the implementation of export control for medium and heavy rare earth related items, the Company has diligently complied with national regulations by conducting export declaration procedures. To date, the Company has progressively obtained export licenses issued by the relevant national authorities.

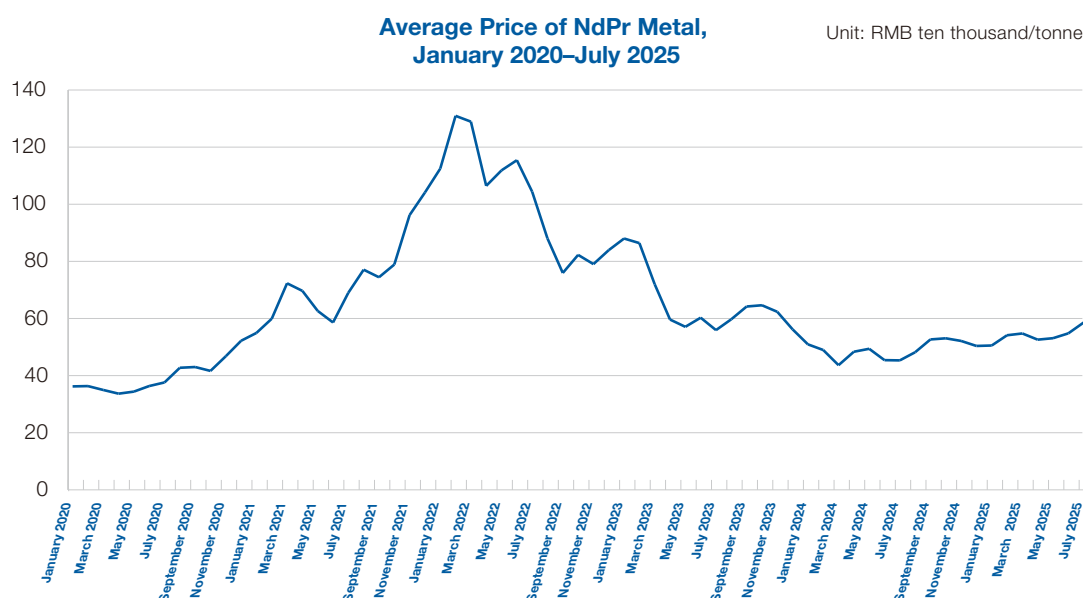


MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(III) Relatively Stable Prices of Rare Earths are Beneficial to the Development of the REPM Industry

In February 2025, in order to implement the Regulation on Rare Earth Administration promulgated by the State Council, the Ministry of Industry and Information Technology released the Interim Measures for the Total Volume Regulation and Management of Rare Earth Mining, Smelting and Separation (Draft for Public Consultation) and the Interim Measures for the Information Traceability of Rare Earth Products (Draft for Public Consultation), aiming to promote the standardization and high-end transformation of the rare earth industry. The implementation of these regulations is expected to help regulate the sourcing of rare earth products in the market, stabilize rare earth product prices, and promote the coordinated development of the upstream and downstream industrial chain.

Since the beginning of this year, the prices of rare earths have remained stable with an upward trend. Taking NdPr metal price as an example, according to the Association of China Rare Earth Industry, the average price of NdPr metal was RMB580,000/tonne in July 2025, representing an increase of approximately 16% compared to that of RMB500,000/tonne in January 2025. The stabilization of the prices of rare earth raw materials will benefit the healthy and steady development of the REPM industry.



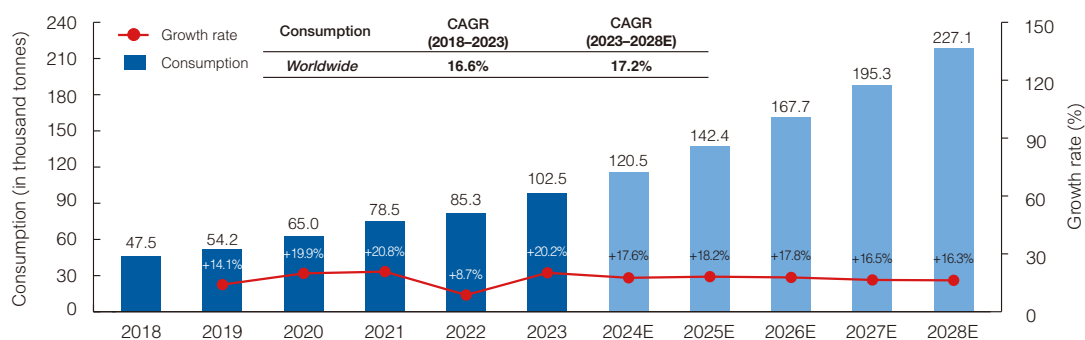
Note: The data in the chart above is obtained from the Association of China Rare Earth Industry.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(IV) High-Performance REPMs Feature Extensive Applications and Strong Market Demand Growth

The downstream applications of REPMs are extensive and in line with national emphasis on energy conservation and environmental protection, which play an indispensable role in driving the high-quality development of intelligent and green manufacturing.

According to Frost & Sullivan Report, more than 50% of the world's electricity consumption comes from electric motors, and compared with traditional motors, REPM motors can save 15% to 20% of energy. In addition, the application of REPMs enables NEVs and automotive parts, variable-frequency home appliances, as well as 3C smart electronic products to be lighter and smaller, which are in line with consumer preferences. The development of humanoid robots and low-altitude aircraft in the future is also expected to positively boost the demand for REPMs. According to Frost & Sullivan Report, the global consumption of high-performance REPMs has increased from 47,500 tonnes in 2018 to 102,500 tonnes in 2023, with a CAGR of approximately 16.6%, and is expected to further increase to 227,100 tonnes by 2028, with a CAGR of 17.2% from 2023 to 2028.



Note: The above chart shows the global consumption of high-performance REPMs from 2018 to 2028E, sourced from the Frost & Sullivan Report.

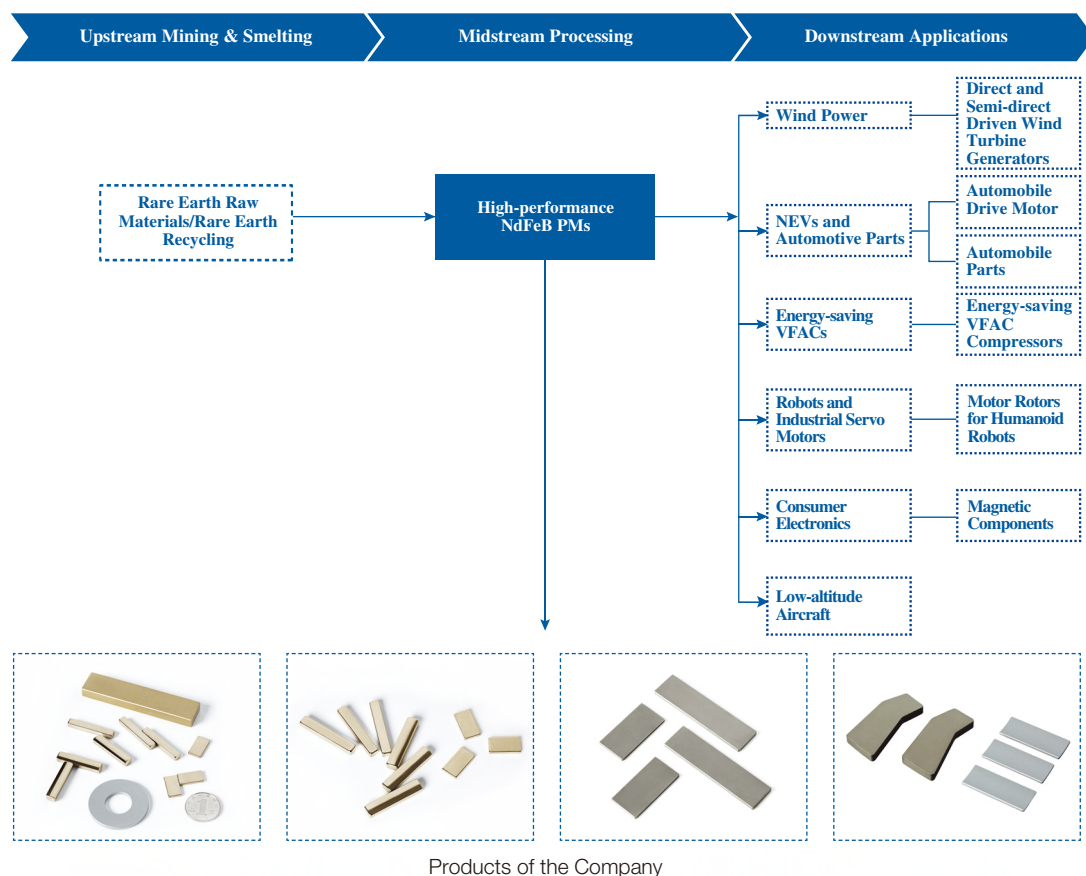
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

II. PRINCIPAL BUSINESS OF THE COMPANY DURING THE REPORTING PERIOD

During the Reporting Period, there were no significant changes in the principal business, product applications, business model and key performance drivers of the Company. The details are as follows:

(I) The Principal Business and Product Applications of the Company

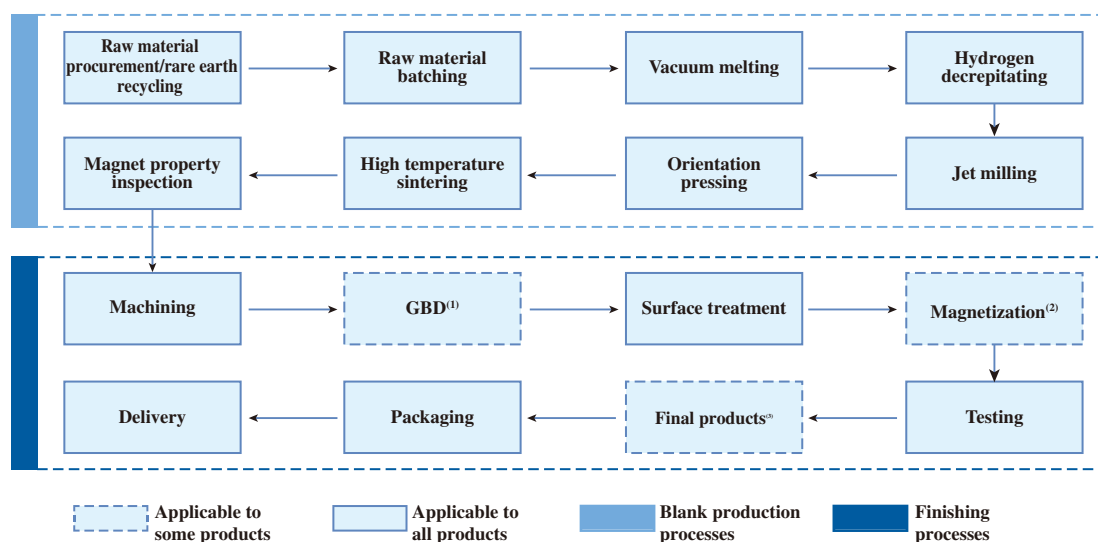
The Company is a high-tech enterprise engaging in the R&D, production and sales of high-performance NdFeB PMs, magnetic components, motor rotors for humanoid robots and the recycling and comprehensive utilization of rare earth, and a leading supplier of REPMs in the fields of new energy, energy conservation and environmental protection. The Company's products are widely used in industries including NEVs and automotive parts, energy-saving VFACs, wind power, robots and industrial servo motors, 3C, low-altitude aircraft, energy-saving elevators and rail transit, and the Company has established long-term and stable cooperative relationships with leading domestic and foreign companies across these industries. In the humanoid robot industry, the Company is actively collaborating with world-renowned technology companies in the R&D and capacity construction of motor rotors for humanoid robots, with small-batch deliveries underway. Additionally, in the low-altitude aircraft industry, small-batch deliveries have also been carried out.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(II) The Business Model of the Company

The Company primarily adopts a make-to-order production management model. The Company purchases rare earth raw materials and auxiliary materials in advance based on the orders on hand, and carries out the design and production of NdFeB PMs, magnetic components and motor rotors for humanoid robots accordingly. The Company currently possesses full-process production capabilities, covering all stages including product R&D, mold design and manufacturing, blank production, finishing machining, surface treatment, testing, magnetic components production, design and production of motor rotors for humanoid robots and the recycling and comprehensive utilization of rare earth. In addition, the Company implements thorough control and meticulous management across all technological processes.



Production Workflow

Notes:

- (1) Grain boundary diffusion (GBD) technology is widely applied in the production of high-performance NdFeB PM finished products for energy-saving VFAC and NEV and automotive parts industries, as production of high-performance NdFeB PMs in these industries requires more medium and heavy rare earths as compared to other industries. GBD technology is also applied in the production of certain high-performance NdFeB PM finished products in 3C sector.
- (2) Products are magnetized either prior to testing or after delivery to customers.
- (3) Our final products include high-performance NdFeB PMs, magnetic components and motor rotors for humanoid robots.

Through close cooperation with leading enterprises across various sectors, the Company has developed a mature business model. Clients maintain stringent product quality requirements with extended product evaluation and certification cycles. To meet requirements in quality, technology and management system of these clients, the Company has been continuously optimizing the R&D, manufacturing, supply chain management, customer service, and corporate culture, thus establishing a business model that is increasingly mature and well-aligned with customer needs.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

III. ANALYSIS OF CORE COMPETITIVENESS

The Company has consistently focused on developing high-performance NdFeB PMs, magnetic components, motor rotors for humanoid robots and the comprehensive recycling and utilization of rare earth. The Company has built a strong customer base and accumulated extensive industry experience, establishing a reputable brand image in the industry with relatively distinct competitive advantages as follows:

(I) A Global Leader in High-performance REPM Manufacturing

The Company is a global leader in REPM manufacturing. Leveraging its leading production capacity, outstanding R&D capability, innovative proprietary technologies, and strong delivery capability, the Company has established a leading position in the key downstream industries: In the NEV industry, the Company's products are adopted by the world's top ten NEV manufacturers for the production of drive motors. In the energy-saving VFAC industry, eight of the world's top ten VFAC compressor manufacturers are the Company's clients. In the wind power industry, five of the world's top ten wind turbine manufacturers are the Company's clients. Staying ahead of industry trends, the Company is actively collaborating with world-renowned technology companies on the R&D of motor rotors for humanoid robots, with small-batch deliveries underway, laying a solid foundation for future mass production. Additionally, the Company is actively expanding its presence in other industries including 3C, low-altitude aircraft, and rail transit, holding a leading market position.

(II) Adherence to Long-Term Value Creation and Clear Strategic Planning with Gradual Implementation

In March 2021, the Company established a five-year development plan to achieve an annual production capacity of 40,000 tonnes of high-performance REPMs by 2025, which has been substantially achieved through the strategic guidance of the Board and the collective efforts of all employees.

In addition, the Company planned to establish an advanced production line for motor rotors for humanoid robots. Currently, based on customer requirements, the Company has made comprehensive investments in dedicated facilities, specialized equipment and professional teams, establishing initial capabilities for large-scale production.

In January 2025, in response to the national policy of vigorously building "Two Rare Earth Bases", and based on market demand and its own business development needs, the Company invested in the construction of "Green Intelligent Manufacturing Project" with an annual output of 20,000 tonnes of high-performance REPMs. The Company is striving to achieve a production capacity of 60,000 tonnes of REPMs by 2027.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)



Production Capacity Development Plan of JL MAG

Note: The above capacity development plan does not represent the Company's profit forecast, and its realization depends on various factors including changes in macroeconomic policies and market conditions, which involves uncertainties. Investors are therefore advised to exercise caution.

(III) Long-Term Strategic Cooperation with Major Rare Earth Suppliers and Building Recycling System for Rare Earth

Rare earth is a strategic resource. The Company has established large-scale REPM production facilities in Ganzhou, Jiangxi – a major production area for heavy rare earth; Baotou, Inner Mongolia – a major production area for light rare earth; and Ningbo, Zhejiang, a major location of magnetic materials industry cluster. The Company has built long-term strategic partnerships with key rare earth raw material suppliers, including Northern Rare Earth Group and China Rare Earth Group. In the first half of 2025, the Company's procurement amount from Northern Rare Earth Group and China Rare Earth Group accounted for approximately 70% of the Company's total amount of procurement.

The Company consistently upholds integrity in fulfilling contracts, ensuring reliable delivery to clients. The Company closely monitored the trends of rare earth raw material prices and timely adjusted inventory and procurement strategies in accordance with order requirements. As at the end of the Reporting Period, the raw material inventory of the Company amounted to RMB1,158 million, representing an increase of 107.02% from RMB559 million at the end of 2024.

The Company has built a closed-loop rare earth recycling system. The Company currently holds a 51% equity stake in Yinhai New Materials and has achieved financial consolidation. By leveraging Yinhai's expertise in recycling, the Company is steadily increasing the proportion of green recycled raw materials used in its products, thereby meeting client requirements for the use of recycled rare earth raw materials in products.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(IV) Strong R&D Capability and Industry-leading GBD Technology

NdFeB PMs have a high technical threshold. The NdFeB PMs used in NEV drive motors, energy-saving VFAC compressors and robots require the use of GBD technology.

The Company has mastered proprietary core technologies and a patent system including GBD technology, formulation systems, grain refinement technology, primary molding technology, production automation technology, and new coating technology with high temperature resistance and corrosion resistance. These core technologies have received high recognition from clients across various industries and have secured supplier designations and large-scale orders from several international clients. In the first half of 2025, the REPMs produced using GBD technology accounted for over 90% of the Company's total production.

(V) Industry-leading ESG Practices

The Company places great emphasis on ESG practices. Guided by its mission of "Creating a Better Life with Rare Earths", the Company is committed to environmental protection and fulfilling corporate social responsibilities. The Company reduces its carbon emissions through various measures, including the construction of photovoltaic power stations, technological innovation, lean production, energy-efficient processes, efficiency improvements, equipment upgrades, and utilization of green electricity.

The Company has established an environment, social, and governance (ESG) committee to comprehensively coordinate ESG-related initiatives and continuously enhance its ESG governance.

(VI) Experienced and Stable Management Team, Introduction of Multi-Dimensional Incentive Mechanisms

The Company's management team is young, dynamic, with extensive industry expertise and rich corporate management experience. With a keen ability to seize market opportunities and formulate sustainable development strategies, the team is leading the Company toward becoming a global leader in high-performance REPMs.

The Company has introduced multi-dimensional incentive mechanisms including share incentive schemes to effectively motivate employees, foster creativity, and maintain team stability.

(VII) Adequate Cash Reserves and Stable Financial Management

The Company has established a solid governance structure and a sound financial management system. The Company maintains adequate cash reserves with strong financing capability. As at the end of the Reporting Period, the Company's cash and cash equivalents, restricted cash, and time deposits with maturity over three months but within one year totaled RMB1,653 million, while large-amount deposit certificates maturing in over one year amounted to RMB1,209 million, and time deposits and large-amount deposit certificates maturing within one year amounted to RMB85 million. Leveraging its stable operating performance, solid credit standing, and effective risk management capability, the Company has established long-term, stable partnerships with multiple banks, which effectively help the Company optimize capital structure, enhance financial stability, and further improve overall competitiveness.

The Company has effectively leveraged its status as a listed entity to raise financing from the capital markets, enhancing its recognition in the capital markets and strengthening its capital reserves. In August 2025, the Company successfully issued convertible bonds convertible into H Shares, securing net proceeds of USD115 million.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

IV. REVIEW OF OPERATIONS DURING THE REPORTING PERIOD

(I) Focusing on the Principal Business and Maintaining Stable Operation to Solidify Industry Leadership

In the first half of 2025, the Company's management team proactively expanded market opportunities, enabling the Company to achieve stable development amidst external uncertainties and intensified competition through technological innovation, organizational optimization, and lean management.

In the first half of 2025, the Company achieved revenue of RMB3,507 million, representing a year-on-year increase of 4.33%. Specifically, principal business revenue was RMB3,226 million, representing a year-on-year increase of 11.08%. During the Reporting Period, domestic sales revenue was RMB2,994 million, representing a year-on-year increase of 8.17%, while overseas sales revenue was RMB513 million, representing a year-on-year decrease of 13.58%, with export sales to the United States totaling RMB217 million, up 45.10% year-on-year. The Company achieved profit attributable to owners of the parent of RMB305 million, representing a year-on-year increase of 154.81%, while profit attributable to owners of the parent excluding non-recurring gains and losses was RMB234 million, representing a year-on-year increase of 588.18%.

In the first half of 2025, the Company's sales revenue from the NEVs and automotive parts sector reached RMB1,675 million, with corresponding product sales volume increasing by 28.14% year-on-year. The sales revenue from the VFACs sector amounted to RMB1,050 million, with corresponding product sales volume increasing by 19.85% year-on-year. In addition, the Company generated sales revenue of RMB214 million in the wind power sector, RMB133 million in the robots and industrial servo motors sector, and RMB101 million in the 3C sector.

(II) Continuous Technological Innovation with Deployment in Intelligent Manufacturing

In the first half of 2025, the Company's R&D expenses reached RMB170 million, accounting for 4.84% of its revenue. The Company has established proprietary core technologies and patent system. As of 30 June 2025, the Company held a total of 136 authorized and pending invention and utility model patents across all regions including Europe, the United States, and Japan.

With actively advancing its intelligent manufacturing, the Company aims to gradually build a production system characterized by automation, intelligence, and digitalization.

(III) Strategically Prioritizing Motor Rotors Business for Humanoid Robots

Humanoid robots, which enhance human productivity, represent a significant trend in technological advancement and a key growth driver for demand for high-performance NdFeB PMs and motor rotors in the future. The Company upgraded its humanoid robot-related R&D department into the humanoid robot motor rotors business division, with Chief Executive Officer of the Company overseeing its strategic operation. Currently, based on customer demands, the Company has made comprehensive investments in dedicated facilities, specialized equipment and professional teams, establishing initial capabilities for large-scale production. In the first half of 2025, the Company has achieved small-batch deliveries in the humanoid robot sector, which is expected to become one of the Company's key growth drivers in the future.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(IV) Establishing a Closed-Loop Rare Earth Recycling System

Yinhai New Materials is a company specializing in the comprehensive recycling, production and processing of rare earth, its main products include rare earth oxides such as praseodymium neodymium oxide, dysprosium oxide, terbium oxide and gadolinium oxide. Yinhai New Materials' project for the annual production of 5,000 tonnes of rare earth products through comprehensive waste recycling and utilization has received approval from the relevant authorities of Inner Mongolia Autonomous Region. It has also been awarded the ISO 14021 Recycling Verification Statement by SGS.

The Company currently holds a 51% equity interest in Yinhai New Materials and has achieved financial consolidation. To optimize the Company's resource allocation, recyclable manufacturing scrap such as magnetic sludge and magnetic steel cuttings generated during the production processes at the Company's factories can be supplied to Yinhai New Materials for recycling and processing to meet its production needs. In the first half of 2025, Yinhai New Materials achieved revenue of RMB78.89 million and a net profit of RMB13.59 million (these data represent actual operating results and do not include any adjustments for the Purchase Price Allocation).

(V) Actively Promoting the "Quality and Returns Enhancement" Action Plan

The Company took effective measures to advance the "Quality and Returns Enhancement" initiative. During the Reporting Period, the Company has distributed the 2024 final dividend. Since its listing in 2018, the Company has consistently distributed cash dividends to its shareholders in each fiscal year, with cumulative cash dividends paid exceeding RMB1.2 billion, accounting for over 47% of the cumulative profit attributable to owners of the parent during the same period.

To continuously reward the investors and align with the Company's action plan of "Quality and Returns Enhancement", the Company proposed to declare a 2025 interim dividend. The Company intends to distribute a cash dividend of RMB1.80 (tax inclusive) for every 10 shares to all shareholders, based on the total number of A Shares and H Shares after deducting the number of A Shares held in the Company's share repurchase account, as determined on the record date specified in the distribution implementation announcement. The expected total amount of 2025 interim dividend is RMB247 million, accounting for 81% of the profit attributable to owners of the parent during the Reporting Period.

Based on confidence in the Company's future growth prospects and recognition of its intrinsic value, the Company has decided to repurchase its A Shares through centralized price bidding using its own or self-raised funds (including dedicated share repurchase loans). The total repurchase amount will range from RMB100 million to RMB200 million. All repurchased shares will be canceled to reduce the registered capital. In August 2025, the Company, through its wholly-owned offshore subsidiary, JL MAG Green Tech (Hong Kong), issued convertible bonds in an aggregate principal amount of USD117.5 million, convertible into the Company's H Shares. The bonds have a five-year term and an annual interest rate of 1.75%. The Company intends to apply the proceeds from the bond issuance for the repurchase of H Shares, debts repayment, general working capital and payment of the bond issuer's operating expenses.

To further improve its long-term incentive mechanisms, the Company launched the A Share Employee Stock Ownership Plan and the H Share Restricted Share Scheme. In July 2025, the Company completed the non-trade transfer of all 8,015,784 shares under the A Share Employee Stock Ownership Plan to a total of 470 participants. In June 2025, the Board of Directors resolved to grant 22.76 million restricted H Shares to eligible participants, of which the conditional grant to four directors was approved at the first extraordinary general meeting of 2025 held on 6 August 2025.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(VI) Attaching Great Importance to ESG Practices and Actively Fulfilling Social Responsibility

With the mission of “Creating a Better Life with Rare Earths”, the Company attaches great importance to ESG practices, and is committed to protecting the environment and fulfilling corporate social responsibility. The Company reduces its carbon emissions through various measures, including the construction of photovoltaic power stations, technological innovation, lean production, energy-efficient processes, efficiency improvements, equipment upgrades, and utilization of green electricity.

The Company actively conducted comprehensive energy management through green power utilization. Rooftop photovoltaic projects at the Ganzhou, Baotou, and Ningbo factories generated approximately 4.61 million kWh of electricity, equivalent to reducing carbon emissions by 2,872 tonnes.

The Company places great emphasis on social responsibilities and actively participates in public welfare activities. In the first half of 2025, the Company donated RMB480,000 to the society, including establishing university scholarships and supporting ecological conservation. In July 2025, the Company continued to actively participate in rural revitalization activities in Quannan County, Jiangxi Province, contributing RMB1 million, for the purchase of 355 new energy-efficient streetlights, illuminating rural pathways and enhancing safety.

In April 2025, the Company was included in the S&P Global Sustainability Yearbook (China Edition) 2025 for the second consecutive year. At the same time, the Company's latest 2025 ESG rating from Wind was upgraded from A to AA, with overall ESG score ranking fourth among 289 peers in the industry. The Company also received an AA rating from Sino-Securities Index ESG ratings and was included in the “2025 ESG Performance Top 20 in the Raw Materials Sector of A Share Listed Companies” and the “2025 ESG Excellence Performance Top 100 of A Share Listed Companies”.



In May 2025, the Company was awarded the ISO 14021 Recycling Verification Statement and the ISO 14064 Greenhouse Gas Verification Statement by SGS. These certifications provide traceable and verifiable environmental claims for the Company's rare earth products under its “dismantling – recycling – regeneration – remanufacturing” industrial ecosystem, underscoring the Company's competitive edge in sustainability.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(VII) Continuously Improving Corporate Governance and Strengthening Investor Relations Management

In the first half of 2025, pursuant to the relevant laws and regulations such as the Transitional Arrangements for the Implementation of Supporting Rules and Regulations under the New Company Law and the Guidelines for Articles of Association of Listed Companies promulgated by the CSRC, the Company further optimized its governance structure. The revised Articles of Association were approved at the first extraordinary general meeting of 2025.

In the first half of 2025, the Company was distinguished by its selection for the “Best Practices in Investor Relations Management for Listed Companies” award, organized by the China Association for Public Companies, also received the “Shareholder Return Award for Investor Relations Management” at the 16th Tianma Awards organized by Securities Times. Furthermore, the Company achieved top rankings in multiple categories of Extel’s “2025 All-Asia (ex-Japan) Executive Team” survey.



V. FINANCIAL REVIEW

(I) Overview

During the Reporting Period, the Company’s revenue amounted to RMB3,507.0 million, representing an increase of RMB145.5 million from RMB3,361.5 million for the six months ended 30 June 2024. The gross profit of the Company was RMB574.8 million, representing an increase of RMB283.6 million from RMB291.2 million for the six months ended 30 June 2024. The basic earnings per share of the Company was RMB0.22.

During the Reporting Period, the Company’s profit attributable to owners of the parent amounted to RMB305.0 million, representing an increase of RMB185.3 million as compared to RMB119.7 million for the six months ended 30 June 2024.

(II) Revenue and Cost of Sales Analysis

During the Reporting Period, the prices of rare earths have remained stable with an upward trend. Taking NdPr metal price as an example, according to the Association of China Rare Earth Industry, the average price of NdPr metal was RMB580,000/tonne in July 2025, representing an increase of approximately 16% compared to RMB500,000/tonne in January 2025. Continued stability in rare earth raw material prices will foster sustainable growth in the REPM industry. The Company’s revenue, primarily derived from sales of NdFeB magnetic steel and other products, increased by RMB145.5 million from RMB3,361.5 million for the six months ended 30 June 2024 to RMB3,507.0 million for the six months ended 30 June 2025, representing a year-on-year growth of 4.33%. Principal business revenue of the Company increased by RMB321.8 million from RMB2,904.0 million for the six months ended 30 June 2024 to RMB3,225.8 million for the six months ended 30 June 2025, representing a year-on-year growth of 11.08%.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Revenue from principal business by downstream application of products:

	For the six months ended 30 June			
	2025		2024	
	RMB'000	%	RMB'000	%
– NEVs and automotive parts	1,674,934	51.92	1,592,718	54.85
– Energy-saving VFACs	1,050,447	32.56	856,478	29.49
– PM wind turbine generators	213,762	6.63	208,798	7.19
Others	286,665	8.89	246,034	8.47
Total	3,225,808	100.00	2,904,028	100.00

During the Reporting Period, the cost of sales of the Company mainly consisted of direct materials, direct labour and manufacturing expenses incurred in the production of NdFeB magnetic steel and other products. Cost of sales decreased by RMB138.1 million from RMB3,070.3 million for the six months ended 30 June 2024 to RMB2,932.2 million for the six months ended 30 June 2025. Such decrease was mainly due to the improvement in the Company's gross profit margin.

During the Reporting Period, the Company's other operating revenue, derived from the sales of rare earth manufacturing scrap and other non-core business activities, amounted to RMB281.2 million, representing a decrease of RMB176.3 million as compared to RMB457.5 million during the same period of 2024. This reduction was primarily due to the Company's increased outsourcing of rare earth manufacturing scrap processing to external parties.

(III) Gross Profit and Gross Profit Margin

During the Reporting Period, the Company's gross profit was approximately RMB574.8 million (RMB291.2 million for the six months ended 30 June 2024). The gross profit margin during the Reporting Period was 16.4%, compared to 8.7% in the corresponding period of 2024.

(IV) Other Income and Gains

During the Reporting Period, the Company's other income and gains, mainly including government grants and bank interest income, decreased by RMB28.6 million from RMB148.8 million for the six months ended 30 June 2024 to RMB120.2 million for the six months ended 30 June 2025, which was mainly due to a decrease in government grants of RMB23.5 million during the Reporting Period.

(V) Administrative Expenses

During the Reporting Period, the Company's administrative expenses, which mainly consisted of employee compensation and benefits, professional service fees, and depreciation and amortization, increased by RMB14.6 million from RMB79.8 million for the six months ended 30 June 2024 to RMB94.4 million for the six months ended 30 June 2025, primarily due to (i) increase in professional service fees of RMB6.3 million; (ii) increase in depreciation and amortization of RMB4.0 million, and (iii) increase in employee compensation and benefits of RMB2.1 million during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(VI) Research and Development Expenses

During the Reporting Period, the Company's R&D expenses, which mainly consisted of employee compensation and benefits, as well as costs for testing materials, increased by RMB17.0 million from RMB152.8 million for the six months ended 30 June 2024 to RMB169.8 million for the six months ended 30 June 2025, primarily due to (i) increase in material costs for product R&D of RMB7.3 million, which was driven by steady rise of rare earth prices during the Reporting Period, and (ii) increase in employee compensation and benefits of RMB7.1 million.

(VII) Impairment Losses on Inventories

During the Reporting Period, the Company's impairment losses on inventories represented the amount by which the carrying amount of inventories exceeded their recoverable amount, which increased by RMB11.0 million from RMB20.3 million for the six months ended 30 June 2024 to RMB31.3 million for the six months ended 30 June 2025, mainly due to fluctuations in the net realizable value of inventories based on the estimated selling price of finished products.

(VIII) Foreign Exchange Differences, Net

During the Reporting Period, the Company's net foreign exchange differences, which represented the net losses or gains resulting from conversion of currencies at different exchange rates, recorded a gain of RMB12.3 million for the six months ended 30 June 2025, as compared to a loss of RMB0.4 million for the six months ended 30 June 2024, mainly due to the impact of exchange rate fluctuations on the monetary items denominated in foreign currencies.

(IX) Income Tax Expenses

During the Reporting Period, the Company's income tax expenses, which included current income tax and deferred income tax, increased from RMB5.9 million for the six months ended 30 June 2024 to RMB39.9 million for the six months ended 30 June 2025, representing an increase of RMB34.0 million, primarily due to growth of the Company's profit before tax.

(X) Profit for the Period

During the Reporting Period, the Company's net profit for the period increased from RMB120.7 million for the six months ended 30 June 2024 to RMB309.4 million for the six months ended 30 June 2025, representing an increase of RMB188.7 million. The Company's net profit margin for the period (i.e. net profit for the period as a percentage of total revenue) ascended from 3.59% for the six months ended 30 June 2024 to 8.82% for the six months ended 30 June 2025.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(XI) Cash Flows

	For the six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Net cash flows (used in)/from operating activities	-549,058	330,761
Net cash flows used in investing activities	-645,657	-506,063
Net cash flows from/(used in) financing activities	420,612	-46,399

1. Net Cash Flows Used in Operating Activities

The Company's cash inflows from operating activities were primarily derived from the proceeds of sales of high-performance NdFeB PMs, while cash outflows used in operating activities mainly arose from the purchase of rare earth raw materials used in the manufacturing of high-performance NdFeB PMs.

The Company's net cash flows used in operating activities for the six months ended 30 June 2025 was RMB549.1 million, mainly due to the Company's profit before tax of RMB349.4 million and the adjustment for non-cash and non-operating items.

2. Net Cash Flows Used in Investing Activities

The Company's net cash flows used in investing activities mainly included purchase of property, plant and equipment, and purchase of time deposits and large-amount deposit certificates.

The Company's net cash flows used in investing activities for the six months ended 30 June 2025 was RMB645.7 million, mainly due to purchase of property, plant and equipment of RMB257.2 million and purchase of time deposits and large-amount deposit certificates of RMB278.7 million.

3. Net Cash Flows from Financing Activities

The Company's net cash flows from financing activities mainly included proceeds from bank loans and share issuance.

The Company's net cash flows from financing activities for the six months ended 30 June 2025 was RMB420.6 million, mainly including new bank loans of RMB846.1 million and proceeds from share issuance and capital contributions from non-controlling shareholders of RMB85.6 million. These cash inflows were partially offset by cash outflows of repayment of bank loans of RMB335.0 million and dividends payments of RMB136.4 million.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(XII) Financial Position

Total non-current assets increased by RMB376.0 million from RMB4,605.5 million as at 31 December 2024 to RMB4,981.5 million as at 30 June 2025, primarily due to the increase in the net book value of property, plant and equipment during the Reporting Period.

Total current assets increased by RMB706.6 million from RMB7,691.8 million as at 31 December 2024 to RMB8,398.4 million as at 30 June 2025, mainly driven by increases in the net book value of inventory, trade receivables, and notes receivable during the Reporting Period.

Total current liabilities increased by RMB1,013.5 million from RMB4,086.2 million as at 31 December 2024 to RMB5,099.7 million as at 30 June 2025, primarily due to increase in the balances of interest-bearing bank and other borrowings, trade and notes payables during the Reporting Period.

Total non-current liabilities decreased by RMB107.1 million from RMB1,093.6 million as at 31 December 2024 to RMB986.5 million as at 30 June 2025, mainly due to the decrease in balance of interest-bearing bank and other borrowings during the Reporting Period. As at 30 June 2025 and 31 December 2024, the Company had net current assets of RMB3,298.7 million and RMB3,605.6 million, respectively, and total equity of RMB7,293.7 million and RMB7,117.4 million, respectively.

As at 30 June 2025 and 31 December 2024, the Company's cash and cash equivalents amounted to RMB1,303.4 million and RMB2,071.1 million, respectively.

(XIII) Inventories

The Company's inventories consisted of raw materials, work in progress and finished goods. The following table set forth the components of the Company's inventories as at the end of the Reporting Period:

	30 June 2025 RMB'000	31 December 2024 RMB'000
Raw materials	1,158,252	559,493
Work in progress	407,732	426,486
Finished goods	1,543,523	1,205,349
Subtotal	3,109,507	2,191,328
Less: Impairment provision		
Work in progress	-1,651	-2,098
Finished goods	-14,781	-11,172
Subtotal	-16,432	-13,270
Total	3,093,075	2,178,058

The Company's inventories increased from RMB2,178.1 million as at 31 December 2024 to RMB3,093.1 million as at 30 June 2025, primarily driven by an increase in the carrying amount of raw materials within inventory, which rose from RMB559.5 million as at 31 December 2024, to RMB1,158.3 million as at 30 June 2025, representing a 107.02% growth.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(XIV) Property, Plant and Equipment

Property, plant and equipment mainly consisted of buildings, machinery and equipment, furniture and fixtures, motor vehicles, office equipment and other equipment and construction in progress. As at 30 June 2025 and 31 December 2024, the net carrying amount of the Company's property, plant and equipment amounted to RMB3,173.6 million and RMB3,071.6 million, respectively. The increase in the Company's plant, property and equipment during the Reporting Period was primarily due to the increased investment in construction projects.

(XV) Borrowings and Debt Ratio

As at 30 June 2025, the Company's interest-bearing bank and other borrowings amounted to RMB1,863.6 million. Among the total borrowings, borrowings of RMB1,220.4 million would be due within one year while borrowings of RMB643.2 million would be due after one year.

As at 30 June 2025, the Company's debt ratio, calculated by dividing total liabilities by total assets, was 45.49%, compared to 42.12% as at 31 December 2024.

(XVI) Restricted Assets

As at 30 June 2025, the Group had pledged property, plant and equipment of RMB38.2 million. As at 31 December 2024, the Group had pledged property, plant and equipment of RMB47.4 million.

As at 30 June 2025, the Group had pledged right-of-use assets of RMB3.7 million. As at 31 December 2024, the Group had pledged right-of-use assets of RMB3.7 million.

As at 30 June 2025 and 31 December 2024, the Group's restricted cash amounted to RMB344.6 million and RMB611.9 million, respectively, and its pledged notes receivable amounted to RMB81.9 million and RMB42.3 million, respectively.

As at 30 June 2025, other non-current assets pledged (i.e. large-amount deposit certificates) amounted to RMB392.6 million. As at 31 December 2024, other non-current assets pledged (i.e. large-amount deposit certificates) amounted to RMB150.0 million.

(XVII) Contingent Liabilities

As at 30 June 2025 and 31 December 2024, the Company had no material contingent liabilities.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

VI. FUTURE DEVELOPMENT STRATEGIES OF THE COMPANY

The vision of the Company is “Becoming a Global Leader in the REPM Industry”. The management team remains committed to the mission of “Creating a Better Life with Rare Earths” and the corporate values, leading the Company in serving global clients in the new energy, energy conservation and emission reduction sectors, while practicing incentive mechanisms rooted in the principle of “co-building the platform and sharing the achievements”. The Company adheres to customer orientation and long-term vision, and focuses on principal business with dedication to enhancing technological innovation and cost efficiency, aiming to build 60,000-tonne high-performance REPMs production capacity with an advanced production line for humanoid robot motor rotors by 2027.

The strategic goal of the Company is becoming a global REPM leader with “technological competitiveness, comprehensive safety production, environmental protection and quality management systems, scale and cost advantages, advanced motor rotors for humanoid robots, rare earth recycling integration, and comprehensive ESG framework”. The Company is committed to contributing its “magnetic power” to the advancement of clean energy, energy conservation and environmental protection sectors to enhance better living.

1. Establishing Industry-leading Production Capacity of REPMs and Motor Rotors for Humanoid Robots

Proactively responding to the increasing demand from downstream industries, the Company plans to expand its production capacity of high-performance NdFeB PMs. Based on the market demands and its own business development needs, the Company plans to build an annual production capacity of 40,000 tonnes of high-performance REPMs and an advanced production line of motor rotors for humanoid robots by 2025. In addition, the Company plans to further invest in the construction of the “Green Intelligent Manufacturing Project” with an annual output of 20,000 tonnes of high-performance REPMs. Upon completion of the project, the Company will reach an annual production capacity of 60,000 tonnes of high-performance REPMs with an advanced production line of motor rotors for humanoid robots.

2. Strengthening R&D and Broadening Product Portfolio

The Company plans to further strengthen technological innovation in order to enhance technological leadership, including further reducing the use of medium and heavy rare earth in high-performance NdFeB PMs, improving automation levels, upgrading production facilities, actively responding to clients demands for REPM upgrades as well as humanoid robot motor rotors.

3. Embracing Low-Carbon Development and Fulfilling Social Responsibilities of Sustainable Development

The Company places great emphasis on ESG practices. Guided by its mission of “Creating a Better Life with Rare Earths”, the Company is committed to environmental protection and fulfilling corporate social responsibilities. The Company reduces its own carbon emissions through the construction of photovoltaic power stations, technological innovation, lean production, energy-saving processes, efficiency improvement, equipment upgrades and increasing green power consumption. The Company will continue to pursue green power cooperation at suitable factories.

Investors are advised to exercise caution as the above operating targets do not represent the profit forecast of the Company. Realization of the targets depends on various factors including changes in macroeconomic policies and market conditions, which involves uncertainties.



CORPORATE GOVERNANCE AND OTHER INFORMATION

I. INTERIM DIVIDEND

In order to provide returns to investors and to respond to the Company's "Quality and Returns Enhancement" initiative, and on the premise of ensuring healthy and sustainable development of the Company, pursuant to the Company Law, the Articles of Association and the relevant requirements of the CSRC in respect of cash dividends of listed companies, the Board of the Company has resolved to recommend the declaration of an interim dividend for the six months ended 30 June 2025. Such dividend will be calculated based on the share capital of the Company's A Shares and H Shares as at the record date as set out in the announcement on the implementation of dividend distribution, after deducting the number of Shares held in the Company's A share repurchase account on that record date, and will be payable in cash of RMB1.8 (inclusive of tax) for every 10 Shares to all shareholders. No capitalisation of capital reserve into share capital will be made and no bonus shares will be issued. Based on the total number of issued A Shares and H Shares of the Company of 1,372,131,923 Shares as of the date of this report, the total interim dividend to be distributed is expected to be approximately RMB247 million (inclusive of tax). The remaining undistributed profit after this profit distribution will be carried forward for distribution in subsequent years. In the event of any change in the share capital of the Company between the date of disclosure of the profit distribution proposal (i.e. 19 August 2025) and the record date for the implementation of the dividend distribution as a result of the vesting of incentive shares under share incentive schemes, the listing of new shares, share repurchases or other matters, the total distribution amount will be adjusted in accordance with the principle that the distribution ratio remains unchanged, i.e. maintaining a cash dividend of RMB1.8 (inclusive of tax) for every 10 Shares, and the total cash dividend amount will be adjusted accordingly.

The profit distribution plan for the first half of 2025 is subject to approval at the general meeting of the Company. Upon approval, the Company will distribute the 2025 interim cash dividend before 31 December 2025. The record date, the book closure period and taxation for the payment of the dividend in relation to H Shares, the record date for the distribution of dividend in relation to A Shares and the payment date, will be announced separately by the Company.



CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

II. CORPORATE GOVERNANCE PRACTICE

The Company has been committed to maintaining and ensuring high standard corporate governance practices. In strict accordance with the provisions of the Articles of Association and related laws and regulations, the Company has continued to improve the corporate governance structure, further regulated corporate operations, improved corporate governance, established and improved its internal management and control system.

During the Reporting Period, save for deviation from code provision C.2.1 of the Corporate Governance Code, the Company has complied with the applicable provisions set out in the Corporate Governance Code.

Pursuant to code provision C.2.1 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Cai Baogui ("Mr. Cai") is our co-founder, the Chairman and the chief executive officer (same nature as the chief executive) of the Company. From the inception of the Group's business, Mr. Cai has been responsible for the overall management, decision-making and strategy planning of the Group and is essential to the Group's growth and business expansion. Since Mr. Cai is the key personnel for the Group's development and he will not undermine the Group's interests in any way under any circumstances, the Board considers that vesting the roles of Chairman and chief executive officer in the same person, Mr. Cai, would not create any potential harm to the interest of the Group and it is, on the contrary, beneficial to the management of the Group. In addition, the operation of the senior management and the Board, which are comprised of experienced individuals, effectively checks and balances the power and authority of Mr. Cai, as both the Chairman and the chief executive officer of the Group. The Board currently comprises two executive Directors (including Mr. Cai), four non-executive Directors and three independent non-executive Directors and therefore has a strong independence in its composition.

The Board will regularly review and strengthen the Company's corporate governance practices to ensure that the Company will continue to comply with the requirements of the Corporate Governance Code.

III. MODEL CODE FOR THE SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a standard of conduct no less than that required under the Model Code for the securities transactions by Directors. The Company has strictly complied with other relevant laws and regulations of Hong Kong and PRC regulatory authorities and has adhered to the most stringent applicable requirements of the relevant laws and regulations in Hong Kong and the PRC. Having made specific enquiry with the Directors, all Directors confirmed that they have complied with the required standards as set out in the Model Code during the Reporting Period.

IV. EMPLOYEE REMUNERATION AND RELATIONS

The Group had a total of 7,085 employees as of 30 June 2025.

The employment contracts signed by the Group with its employees cover matters such as position, term of employment, wage, employee benefits and liabilities for breach and grounds for termination. Remuneration of the Group employees, including executive Directors, includes basic salaries, allowances, bonuses and other employee benefits, and is determined based on their experience, qualifications and general market conditions. For the first half of 2025, please refer to Note 8 to the unaudited interim financial report for details of the Group's employee remuneration. The Group also provides its employees with regular training to enhance their skills and knowledge. The training courses includes further education, skills training and professional development courses for management personnel.

CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

V. PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including the sales of treasury shares) during the Reporting Period. As at the end of the Reporting Period, the Company held 8,015,784 treasury A Shares. Such 8,015,784 treasury A Shares were non-trading transferred to the securities account designated for the A Share Employee Stock Ownership Plan on 11 July 2025, all of which were used for the A Share Employee Stock Ownership Plan. As at the end of the Reporting Period, the Company did not hold any treasury H Shares.

VI. SIGNIFICANT INVESTMENTS AND PLANS FOR FUTURE SIGNIFICANT INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this report, the Company did not have any significant investments, or plans for other significant investments or acquisitions of capital assets authorized by the Board, during the Reporting Period.

VII. SIGNIFICANT ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

There were no significant acquisitions or disposals of subsidiaries, associates or joint ventures of the Company during the Reporting Period.

VIII. CHANGES IN INFORMATION ON DIRECTORS AND CHIEF EXECUTIVE OF THE COMPANY

The changes in information of Directors and chief executive during the Reporting Period and up to the date of this report are set out below:

Mr. Lyu Feng was elected as the employee Director of the fourth session of the Board of the Company through democratic election at the interim meeting of the third session of employee representative meeting convened by the Company on 7 August 2025, which term of office shall expire upon the expiry of the term of the fourth session of the Board. Mr. Lyu Feng has been re-designated from a non-employee Director (executive Director) to an employee Director (executive Director) of the fourth session of the Board, with his term of office expiring upon the expiry of the term of the fourth session of the Board. Given that the re-designation will not result in a change in the composition of the fourth session of the Board, Mr. Lyu Feng will continue to serve as the vice chairman, executive Director and a member of the remuneration and appraisal committee of the fourth session of the Board for the same term as that of the fourth session of the Board.

Save as disclosed above, no change in the information on any Directors and the chief executive during the Reporting Period and up to the date of this report was required to be disclosed in this report pursuant to Rules 13.51B(1) and 13.51B(2) of the Listing Rules.



CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

IX. INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES

As of 30 June 2025, to the knowledge of the Directors, the following person who have or are deemed as having interests and short positions in the Shares and underlying shares of the Company, which would be required to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept under section 336 of the SFO are as follows:

Name	Class of Shares	Nature of interest	Number of Shares held ⁽¹⁾	Approximate percentage shareholding in the relevant class of Shares of the Company ⁽²⁾	Approximate percentage of total shareholdings in the Company ⁽³⁾
Cai Baogui ⁽⁴⁾⁽⁵⁾⁽¹¹⁾	A Shares	Interests of controlled corporation	387,100,160(L)		
	A Shares	Interests of controlled corporation	23,536,435(L)		
	A Shares	Beneficial owner	1,024,000(L)		
	A Shares	Interests of parties acting in concert	10,139,174(L)		
			421,799,769(L)	36.85%	30.74%
Hu Zhibin ⁽⁴⁾⁽¹¹⁾	H Shares	Interests of controlled corporation	20,171,400(L)	8.86%	1.47%
	A Shares	Interests of controlled corporation	387,100,160(L)		
	A Shares	Beneficial owner	1,536,000(L)		
	A Shares	Interests of parties acting in concert	33,163,609(L)		
	H Shares	Interests of controlled corporation	421,799,769(L)	36.85%	30.74%
Li Xinnong ⁽⁴⁾⁽⁶⁾⁽¹¹⁾			20,171,400(L)	8.86%	1.47%
	A Shares	Interests of controlled corporation	387,100,160(L)		
	A Shares	Interests of controlled corporation	8,603,174(L)		
	A Shares	Interests of parties acting in concert	26,096,435(L)		
			421,799,769(L)	36.85%	30.74%
	H Shares	Interests of controlled corporation	20,171,400(L)	8.86%	1.47%

CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

Name	Class of Shares	Nature of interest	Number of Shares held ⁽¹⁾	Approximate percentage shareholding in the relevant class of Shares of the Company ⁽²⁾	Approximate percentage of total shareholdings in the Company ⁽³⁾
Jiangxi Ruide Venture Investment Co., Ltd. ⁽⁴⁾⁽¹¹⁾	A Shares	Beneficial owner	387,100,160(L)	33.82%	28.21%
	H Shares	Interests of controlled corporation	20,171,400(L)	8.86%	1.47%
Ganzhou Industrial Investment Holding Group Co., Ltd. ⁽¹⁰⁾	A Shares	Beneficial owner	69,120,000(L)	6.04%	5.04%
Goldwind Science & Technology Co., Ltd. ⁽⁷⁾	A Shares	Interests of controlled corporation	66,328,252(L)	5.80%	4.83%
Goldwind Investment Holdings Co., Ltd. ⁽⁷⁾	A Shares	Beneficial owner	66,328,252(L)	5.80%	4.83%
China State-owned Enterprise Mixed Ownership Reform Fund Co., Ltd. ⁽⁸⁾	H Shares	Beneficial owner	34,270,800(L)	15.05%	2.50%
China Chengtong Holdings Group Ltd. ⁽⁸⁾	H Shares	Interests of controlled corporation	34,270,800(L)	15.05%	2.50%
China Resources (Holdings) Company Limited ⁽⁹⁾	H Shares	Interests of controlled corporation	11,423,600(L)	5.02%	0.83%
China Resources Company Limited ⁽⁹⁾	H Shares	Interests of controlled corporation	11,423,600(L)	5.02%	0.83%
China Resources Inc. ⁽⁹⁾	H Shares	Interests of controlled corporation	11,423,600(L)	5.02%	0.83%
CR & CNIC Investment Limited ⁽⁹⁾	H Shares	Interests of controlled corporation	11,423,600(L)	5.02%	0.83%
CR Alpha Fund Management Limited ⁽⁹⁾	H Shares	Interests of controlled corporation	11,423,600(L)	5.02%	0.83%
CR Alpha Fund, L.P. ⁽⁹⁾	H Shares	Interests of controlled corporation	11,423,600(L)	5.02%	0.83%
CR Alpha Investment II Limited ⁽⁹⁾	H Shares	Interests of controlled corporation	11,423,600(L)	5.02%	0.83%
CRC Bluesky Limited ⁽⁹⁾	H Shares	Interests of controlled corporation	11,423,600(L)	5.02%	0.83%
CCB Financial Holdings Limited ⁽¹²⁾	H Shares	Interests of controlled corporation	6,923,400(L)	3.04%	0.50%
CCB International (Holdings) Limited ⁽¹²⁾	H Shares	Interests of controlled corporation	6,923,400(L)	3.04%	0.50%
CCB International Group Holdings Limited ⁽¹²⁾	H Shares	Interests of controlled corporation	6,923,400(L)	3.04%	0.50%
CCB International Overseas Limited ⁽¹²⁾	H Shares	Beneficial owner	6,923,400(L)	3.04%	0.50%

CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

Notes:

- (1) (L) stands for long position; (S) stands for short position; (P) stands for shares available for lending.
- (2) Represents the percentage of the number of shares in the relevant class divided by the number of shares in the relevant class of the Company in issue as of 30 June 2025.
- (3) Represents the percentage of the number of shares in the relevant class divided by the number of all shares of the Company in issue as of 30 June 2025 (totaling 1,372,131,923 shares, including 227,640,800 H Shares and 1,144,491,123 A Shares, among those, 8,015,784 treasury A Shares).
- (4) Mr. Cai Baogui, Mr. Hu Zhibin and Mr. Li Xinnong, the ultimate controlling shareholders of the Company, have entered into an acting in concert agreement, pursuant to which Mr. Cai Baogui, Mr. Hu Zhibin and Mr. Li Xinnong are parties acting in concert. For further details, please refer to "History, Development and Corporate Structure – Our Ultimate Controlling Shareholders and Parties Acting in Concert – Parties Acting in Concert" of the Prospectus of the Company. Under the SFO, each controlling shareholder will be deemed to be interested in the shares beneficially owned by other controlling shareholders.

Ruide Venture was held as to 40%, 30% and 30%, respectively, by Mr. Cai Baogui, Mr. Hu Zhibin and Mr. Li Xinnong. Under the SFO, Mr. Cai Baogui, Mr. Hu Zhibin and Mr. Li Xinnong are deemed to be interested in the 387,100,160 A Shares held by Ruide Venture and the 20,171,400 H Shares held by Ruide Hong Kong.
- (5) Ganzhou Xinsheng Investment Management Center (limited partnership), with 89.12% of the partnership interests held by Mr. Cai Baogui as a general partner, directly holds 23,536,435 A Shares of the Company, and in accordance with the SFO, Mr. Cai Baogui is deemed to be interested in 23,536,435 A Shares held by Ganzhou Xinsheng Investment Management Center (limited partnership).
- (6) Ganzhou Geshuo Investment Management Center (limited partnership), with 39.00% of the partnership interests held by Mr. Li Xinnong as a general partner, directly holds 8,603,174 A Shares of the Company, and in accordance with the SFO, Mr. Li Xinnong is deemed to be interested in 8,603,174 A Shares held by Ganzhou Geshuo Investment Management Center (limited partnership).
- (7) Goldwind Investment Holdings Co., Ltd. directly holds 66,328,252 A Shares of the Company. Goldwind Investment Holdings Co., Ltd. is a wholly-owned subsidiary of Goldwind Science & Technology Co., Ltd., formerly known as "Xinjiang Goldwind Science & Technology Co., Ltd. (新疆金風科技股份有限公司)", which under the SFO is deemed to be interested in 66,328,252 A Shares held by Goldwind Investment Holdings Co., Ltd.
- (8) Pursuant to a corporate substantial shareholder notice filed by China Chengtong Holdings Group Ltd. to the Stock Exchange on 16 February 2022, China State-owned Enterprise Mixed Ownership Reform Fund Co., Ltd. directly holds 34,270,800 H Shares of the Company, and China Chengtong Holdings Group Ltd. holds 33.95% equity interest of China State-owned Enterprise Mixed Ownership Reform Fund Co., Ltd., and pursuant to the SFO, China Chengtong Holdings Group Ltd. is deemed to be interested in 34,270,800 H Shares held by China State-owned Enterprise Mixed Ownership Reform Fund Co., Ltd.
- (9) Pursuant to a corporate substantial Shareholder notice filed by China Resources Inc. to the Stock Exchange on 26 May 2022, CR Alpha Investment II Limited directly holds 11,423,600 H Shares of the Company. CR Alpha Investment II Limited is a wholly-owned subsidiary of CR Alpha Fund, L.P., while CR Alpha Fund, L.P. is a wholly-owned subsidiary of CR Alpha Fund Management Limited, and CR Alpha Fund Management Limited is a wholly-owned subsidiary of CR & CNIC Investment Limited. China Resources (Holdings) Company Limited holds 60% equity interest in CR & CNIC Investment Limited, and China Resources (Holdings) Company Limited is a wholly-owned subsidiary of CRC Bluesky Limited, and CRC Bluesky Limited is a wholly-owned subsidiary of China Resources Inc. China Resources Inc. is a wholly-owned subsidiary of China Resources Company Limited. Under the SFO, China Resources (Holdings) Company Limited, China Resources Company Limited, China Resources Inc., CR & CNIC Investment Limited, CR Alpha Fund Management Limited, CR Alpha Fund, L.P., CRC Bluesky Limited are deemed to be interested in the 11,423,600 H Shares held by CR Alpha Investment II Limited.
- (10) Formerly known as Ganzhou Rare Earth Group Co., Ltd.
- (11) Ruide Hong Kong directly holds 20,171,400 H Shares of the Company. Under the SFO, Mr. Cai Baogui, Mr. Hu Zhibin, Mr. Li Xinnong and Ruide Venture are deemed to be interested in the 20,171,400 H Shares held by Ruide Hong Kong.

CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

- (12) Pursuant to a corporate substantial Shareholder notice filed by CCB International Group Holdings Limited to the Stock Exchange on 20 January 2022, CCB International Overseas Limited directly holds 6,923,400 H Shares of the Company. CCB International Overseas Limited is a wholly-owned subsidiary of CCB International (Holdings) Limited, CCB International (Holdings) Limited is a wholly-owned subsidiary of CCB Financial Holdings Limited, CCB Financial Holdings Limited is a wholly-owned subsidiary of CCB International Group Holdings Limited. Under the SFO, CCB International (Holdings) Limited, CCB Financial Holdings Limited, CCB International Group Holdings Limited are deemed to be interested in the 6,923,400 H Shares held by CCB International Overseas Limited.

Save as disclosed above, as at 30 June 2025, there was no other person who had an interest or short position in the Shares and underlying shares of the Company which was required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which was recorded in the register kept by the Company under section 336 of the SFO.

X. INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As of 30 June 2025, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO), or as recorded in the register maintained by the Company under section 352 of the SFO, or as notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Long positions in ordinary shares and underlying shares of the Company:

Name of the Directors/ chief executive	Class of Shares	Nature of interest	Number of Shares held	Approximate percentage shareholding in the relevant class of Shares of the Company ⁽⁵⁾	Approximate percentage of total shareholdings in the Company ⁽⁶⁾
Cai Baogui ⁽¹⁾⁽²⁾⁽⁴⁾	A Shares	Interests of controlled corporation	387,100,160		
	A Shares	Interests of controlled corporation	23,536,435		
	A Shares	Beneficial owner	1,024,000		
	A Shares	Interests of parties acting in concert	10,139,174		
			421,799,769	36.85%	30.74%
Hu Zhibin ⁽¹⁾⁽⁴⁾	H Shares	Interests of controlled corporation	20,171,400	8.86%	1.47%
	A Shares	Interests of controlled corporation	387,100,160		
	A Shares	Beneficial owner	1,536,000		
	A Shares	Interests of parties acting in concert	33,163,609		
			421,799,769	36.85%	30.74%
Li Xinnong ⁽¹⁾⁽³⁾⁽⁴⁾	H Shares	Interests of controlled corporation	20,171,400	8.86%	1.47%
	A Shares	Interests of controlled corporation	387,100,160		
	A Shares	Interests of controlled corporation	8,603,174		
	A Shares	Interests of parties acting in concert	26,096,435		
			421,799,769	36.85%	30.74%
Lyu Feng	H Shares	Interests of controlled corporation	20,171,400	8.86%	1.47%
	A Shares	Beneficial owner	2,115,648	0.18%	0.15%

CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

Notes:

- (1) Mr. Cai Baogui, Mr. Hu Zhibin and Mr. Li Xinnong, the ultimate controlling shareholders of the Company, have entered into an acting in concert agreement. Mr. Cai Baogui, Mr. Hu Zhibin and Mr. Li Xinnong are parties acting in concert. For further details, please refer to “History, Development and Corporate Structure – Our Ultimate Controlling Shareholders and Parties Acting in Concert – Parties Acting in Concert” of the Prospectus of the Company. Under the SFO, each controlling shareholder will be deemed to be interested in the Shares beneficially owned by other controlling shareholders. Ruide Venture is held as to 40%, 30% and 30%, respectively, by Mr. Cai Baogui, Mr. Hu Zhibin and Mr. Li Xinnong. Under the SFO, Mr. Cai Baogui, Mr. Hu Zhibin and Mr. Li Xinnong are deemed to be interested in the 387,100,160 A Shares held by Ruide Venture and the 20,171,400 H Shares held by Ruide Hong Kong.
- (2) Ganzhou Xinsheng Investment Management Center (Limited Partnership), with 89.12% of the partnership interests held by Mr. Cai Baogui as a general partner, directly holds 23,536,435 A Shares of the Company, and in accordance with the SFO, Mr. Cai Baogui is deemed to be interested in 23,536,435 A Shares held by Ganzhou Xinsheng Investment Management Center (Limited Partnership).
- (3) Ganzhou Geshuo Investment Management Center (Limited Partnership), with 39.00% of the partnership interests held by Mr. Li Xinnong as a general partner, directly holds 8,603,174 A Shares of the Company, and in accordance with the SFO, Mr. Li Xinnong is deemed to be interested in 8,603,174 A Shares held by Ganzhou Xinsheng Investment Management Center (Limited Partnership).
- (4) Ruide Hong Kong directly holds 20,171,400 H Shares of the Company. Under the SFO, Mr. Cai Baogui, Mr. Hu Zhibin, Mr. Li Xinnong and Ruide Venture are deemed to be interested in the 20,171,400 H Shares held by Ruide Hong Kong.
- (5) Represents the percentage of the number of shares in the relevant class divided by the number of shares in the relevant class of the Company in issue as of 30 June 2025.
- (6) Represents the percentage of the number of shares in the relevant class divided by the number of all shares of the Company in issue as of 30 June 2025 (totaling 1,372,131,923 shares, including 227,640,800 H Shares and 1,144,491,123 A Shares, among those, 8,015,784 treasury A Shares).

Save as disclosed above, as of 30 June 2025, to the knowledge of the Board, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive of the Company were taken or deemed to have under such provisions of the SFO); (ii) recorded in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code.



CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

XI. REVIEW OF INTERIM RESULTS AND REPORT

The audit committee of the Company (the “Audit Committee”) comprised three Directors, namely Ms. Cao Ying, Mr. Zhu Yuhua and Mr. Hu Zhibin. Ms. Cao Ying was the chairman of the Audit Committee and had the appropriate qualifications as required by Rules 3.10(2) and 3.21 of the Listing Rules.

The Audit Committee and the management of the Company and Ernst & Young, the international auditor of the Company, reviewed the Group’s interim report and the unaudited condensed consolidated financial information for the six months ended 30 June 2025. In the opinion of the Audit Committee, the interim results complied with applicable accounting standards, laws and regulations and the Company made appropriate disclosures in accordance with relevant accounting standards, laws and regulations. The Audit Committee also discussed with the senior management of the Company on matters in relation to the accounting policies and regulations adopted by the Company and internal control.

XII. SHARE INCENTIVE PLANS

Set out below is a summary of the principal terms of the 2025 H Share Restricted Share Scheme and the 2025 A Share Employee Stock Ownership Plan (collectively, the “Share Incentive Plans”), which were adopted by the Company with the approval of the Shareholders at the annual general meeting held on 28 May 2025 (the “Adoption Date”). For details, please refer to the announcement dated 28 March 2025 and the circular dated 7 May 2025 of the Company in relation to, among other things, the adoption of the Share Incentive Plans, and the announcement dated 19 June 2025 (the “Grant Announcement”) and the circular dated 18 July 2025 (the “Grant Circular”) of the Company in relation to, among other things, the implementation of grant and conditional grant under the 2025 H Share Restricted Share Scheme. Unless the context otherwise requires, capitalized terms used herein shall have the same meanings ascribed to them in the said circulars and the Grant Announcement.

2025 H Share Restricted Share Scheme

(I) Purposes and Objectives

The purposes and objectives of the H Share Restricted Share Scheme are to: (1) recognize the contributions by certain Eligible Participants and provide Incentive Shares to retain them, thereby contributing to the ongoing operation and development of the Group; and (2) attract suitable personnel for the further development of the Group.

(II) Determination of Selected Participants

On and subject to the terms of the H Share Restricted Share Scheme, the Board may, at its sole discretion, determine which Eligible Participant shall be entitled to receive grants of Incentives under the H Share Restricted Share Scheme, the number of Incentive Shares and the equivalent fair value in cash (if any) underlying such Incentives to which each Selected Participant shall be entitled, and make the relevant grant to the Selected Participant accordingly.



CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

Eligible Participants shall include (i) directors, supervisors and employees (including full-time and part-time employees, and persons who are granted Incentive Shares under the H Share Restricted Share Scheme as an inducement to enter into employment contracts with the Company or any of its subsidiaries) of the Company or any of its subsidiaries (the “Employee Participants”); and (ii) directors, chief executive officers or employees of the holding company, fellow subsidiaries or associated companies of the Company (the “Related Entity Participants”), and the eligibility of any of them to an Incentive shall, in each case, be determined by the Board from time to time on the basis of the Board’s opinion as to the Selected Participant’s contribution or potential contribution to the development of the Group.

A Selected Participant shall continue to qualify and maintain his/her eligibility as a Selected Participant during the period when any Incentives granted thereto remains unvested, or otherwise the Company would (subject to the Listing Rules, the Articles of Association and the applicable laws, regulations, rules and requirements for the time being in force in any relevant jurisdiction) be entitled to deem any unvested Incentives or any part thereof, granted to such Selected Participant and to the extent not already vested, as lapsed.

(III) Maximum Number of Shares Available for Grant

Subject to the Rules for the H Share Restricted Share Scheme and any waiver or ruling granted by the Stock Exchange, the total number of H Shares which may be issued in respect of all options, if any, and/or Incentives and/or awards to be granted under the such scheme shall be 22,764,080 H Shares, representing 10% of the H Shares in issue (excluding Treasury Shares) as at the Adoption Date or approximately 1.66% of the Shares in issue as at the date of this report.

(IV) Maximum Entitlement of Each Selected Participant

Subject to the Rules for the H Share Restricted Share Scheme and any waiver or ruling granted by the Stock Exchange, where grant of all options (if any), and/or Incentives and/or awards (excluding any options (if any), and/or Incentives and/or awards lapsed in accordance with the terms of the Relevant Schemes) to an Eligible Participant at the time of the grant would result in the H Shares issued and to be issued in respect of such options if any, and/or Incentives and/or awards granted in the 12-month period up to and including the Grant Date exceeds 1% of the total number of issued H Shares (excluding Treasury Shares) as at the Grant Date (the “Individual Limit”), then no Incentive Shares will be granted to any of the Eligible Participants, unless such grant is otherwise separately approved by the Shareholders in general meeting, with such Selected Participant(s) and his/her close associates (or his/her associates if the Selected Participant is a connected person) abstaining from voting.



CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

(V) Grant of Incentives to Connected Persons

Subject to any waiver or ruling granted by the Stock Exchange, any grant of Incentives to a Director, Supervisor, chief executive or any substantial shareholder of the Company, or any of their respective associates (excluding any proposed director or chief executive of the Company) shall be valid only upon approval by the independent non-executive Directors (excluding any independent non-executive Director who is the proposed grantee of such Incentives) and all grants to connected persons shall be subject to compliance with the requirements of the Listing Rules, including where necessary the prior approval of the Shareholders.

- (a) Subject to any waiver or ruling granted by the Stock Exchange, where any grant of the Incentives to a Director (excluding independent non-executive Directors), Supervisor, chief executive or any of their respective associates, would result in the H Shares issued and to be issued in respect of all Incentives granted (excluding any Incentives and/or awards lapsed in accordance with the terms of the Relevant Schemes) to such proposed Selected Participant in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1% of the total number of issued H Shares of the Company (excluding Treasury Shares), such further grant of Incentive Shares shall be duly approved, in the manner prescribed by the relevant provisions of Chapter 17 of the Listing Rules, by the independent Shareholders of the Company at any meeting or general meeting; or
- (b) Subject to any waiver or ruling granted by the Stock Exchange, where any grant of Incentives to an independent non-executive Director, any substantial shareholder of the Company, or any of their respective associates, would result in the H Shares issued and to be issued in respect of all options, if any, and Incentives granted (excluding any options, if any, and/or Incentive and/or awards lapsed in accordance with the terms of the Relevant Schemes) to such proposed Selected Participant in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1% of the total number of issued H Shares of the Company (excluding Treasury Shares), such further grant of Incentive Shares shall be duly approved, in the manner prescribed by the relevant provisions of Chapter 17 of the Listing Rules, by the independent Shareholders of the Company at any meeting or general meeting.

In the circumstances described in (a) and (b) above, the Company shall comply with the requirements under Rules 13.40, 13.41 and 13.42 of the Listing Rules and send a circular to the Shareholders containing the details of the grant of the Incentives in a manner complying with the relevant provisions of Chapter 17 of the Listing Rules. The proposed Selected Participant, his/her associates and all core connected persons of the Company shall abstain from voting in favor of the relevant resolution granting the approval.



CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

(VI) Acceptance of Incentives and Purchase Price of Incentive Shares

The Incentive Shares shall be funded by ordinary H Shares issued by the Company. The purchase price shall be payable by the Selected Participants upon execution of the Vesting Instrument in respect of vesting of the relevant Incentives, at such times and in such manner as shall be set forth in the relevant Vesting Instrument. For all Incentive Shares granted under the Scheme, the purchase price, payable upon vesting, shall be HKD7.06 per H Share, which shall be applied uniformly, and shall not be less than the nominal value of H Shares, nor shall it be less than the highest of the following prices (in each case, the average price of the H Shares traded is arrived at by dividing the total turnover of the H Shares traded on the relevant trading day or over the relevant trading days by the total volume of the H Shares traded on such trading day or over such trading days):

1. 50% of the average price of HKD13.32 per share of the H Shares traded on the trading day preceding the date of announcement on the proposed adoption of the H Share Restricted Share Scheme, being HKD6.66 per share;
2. 50% of the average price of HKD14.11 per share of the H Shares traded over the past 20 trading days preceding the date of the announcement on the proposed adoption of the H Share Restricted Share Scheme (inclusive of the date of such announcement), being HKD7.06 per share;
3. 50% of the average price of HKD12.12 per share of the H Shares traded over the past 60 trading days preceding the date of the announcement on the proposed adoption of the H Share Restricted Share Scheme (inclusive of the date of such announcement), being HKD6.06 per share;
4. 50% of the average price of HKD10.65 per share of the H Shares traded over the past 120 trading days preceding the date of the announcement on the proposed adoption of the H Share Restricted Share Scheme (inclusive of the date of such announcement), being HKD5.33 per share. For the avoidance of doubt, no financial assistance shall be provided by the Group to the Selected Participants to facilitate the purchase of the Incentive Shares.

Save for the aforementioned purchase price, payable upon execution of the Vesting Instrument in respect of vesting of the relevant Incentives, no amount is payable for the acceptance of any grant of Incentives under the H Share Restricted Share Scheme.

(VII) Vesting of Incentive Shares

The vesting period for Incentives granted under the H Share Restricted Share Scheme shall not be less than 12 months from the relevant date of grant. Depending on the nature and the purpose of such grants under the Scheme, Incentives have varying vesting schedules as specified in the relevant Grant Instruments. Subject to the Scheme Period, Incentives granted under the Scheme would generally vest over years, with a maximum vesting period of up to 10 years.



CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

Subject to the terms and conditions of the H Share Restricted Share Scheme and upon the fulfilment of all vesting conditions applicable to the vesting of Incentive Interests (so specified by the Board upon the granting of Incentive(s) thereto, as set forth in the relevant Grant Instrument) by such Selected Participants and after the execution of the Vesting Instrument, the delivery of the Vesting Documents and the payment of the relevant purchase price by the Selected Participant, the relevant Incentive Interests held by the Trustees on behalf of the Selected Participants pursuant to the provisions of the H Share Restricted Share Scheme shall vest in such Selected Participants in accordance with the applicable vesting schedule, and the Trustees shall facilitate the transfer of the Incentive Interests to such Selected Participants and/or to the vehicle controlled by them for the benefits of the Selected Participants and any of the Selected Participants' family members (e.g. a trust or private company) in accordance with the Rules for the H Share Restricted Share Scheme, provided that any Shares so transferred to a Selected Participant shall remain subject to all provisions of the Articles of Association.

At least 30 Business Days prior to the vesting date of the Incentive Shares granted to a Selected Participant, the Board shall procure that the Company and the Selected Participant execute the Vesting Instrument and/or deliver such forms, documents and instruments as considered necessary by the Trustee (collectively, "Vesting Documents"). Payment of the purchase price for the Incentive Interests so vested shall be made by the Selected Participants on the date of execution of the Vesting Instrument. In the event the Selected Participant (or his/her legal personal representative or lawful successor as the case may be) fails to execute the Vesting Instrument (with the purchase price paid pursuant thereto) and deliver the Vesting Documents at least 10 Business Days prior to the vesting date, the Incentive Interests which would have otherwise vested in such Selected Participant shall be automatically forfeited, lapsed and remain as part of the Trust Fund.

(VIII) Performance Targets

Specific performance targets that must be met before an Incentive can be vested are not prescribed in the Rules for the H Share Restricted Share Scheme. However, the Board and/or the Remuneration Committee (as the case may be) is entitled to impose any conditions, as it deems appropriate in its sole and absolute discretion, including the setting of any performance targets to be attained before the vesting of the Incentive Interests to the Selected Participants. If and to the extent that any performance target(s) are required to be achieved before such Incentive(s) are capable of being vested in whole or in part, particulars of such performance targets shall be specified and set forth in the relevant Grant Instrument(s). Such performance targets may comprise a combination of key performance indicators to be attained including, without limitation, (i) the business and financial performance of the Group by reference to annual revenue growth rate, gross profit and/or the Group's core competitiveness or the Company's targets and/or goals attained, (ii) individual performance based on periodic performance appraisal, assessment or review, which may vary among the Selected Participants considering their different roles, positions and contributions, and/or (iii) non-financial performance measures such as the individual's adherence to the Company's culture and values. The Board or the Remuneration Committee (as the case may be) shall conduct such periodic performance appraisal, assessment or review to determine, at its sole discretion, whether the agreed performance targets have been (and the extent to which they have been) met. The Company will evaluate the actual performance and contribution of a Selected Participant against the performance targets set and form a view as to whether the relevant performance targets have been fulfilled. The Board and/or the Remuneration Committee (as the case may be) shall have the authority, after the grant of the Incentives, to make fair and reasonable adjustments to the prescribed performance targets during the Term of the Scheme if there is a change in circumstances, provided that any such adjustments shall be less onerous than the prescribed performance targets and are considered fair and reasonable by the Board or the Remuneration Committee (as the case may be). For the avoidance of doubt, the performance targets are not applicable to Selected Participants who are independent non-executive Directors.

CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

(IX) Clawback Mechanism

Under certain limited circumstances (whether such circumstance is to be regarded as having occurred is subject to the sole determination of the Board) as set out in the Rules of the H Share Restricted Share Scheme, no further Incentives may be granted to the relevant Selected Participant and the Board may, at its sole and absolute discretion, determine that Incentives granted thereto may be subject to a clawback in the manner as set forth in detail in the relevant Grant Instrument under, and limited to, the specified circumstances as set forth below:

- (1) the Selected Participant has committed any act of fraud or dishonesty or serious misconduct in connection with his/her employment or engagement by any member of the Group;
- (2) the Selected Participant has engaged in any act or omission to perform any of his/her duties that has had or will have a material adverse effect on the reputation or interests of any member of the Group;
- (3) the Selected Participant having engaged in any act that has had or will have a material adverse effect on the reputation or interests of any member of the Group within the period of two years after the Selected Participant ceases to be an Eligible Participant;
- (4) dismissal by the Company due to serious damage caused by the Selected Participant to the Company's interests, the Selected Participant's disclosure of trade secrets, violation of the employment contract or the Company's regulations, or commitment of serious illegal or disciplinary misconduct;
- (5) the Selected Participant's acting (including inaction) in violation of the non-compete agreement between him/her and the Company, refusal to cooperate with the Company and follow the procedures for resignation and handover, and other acts in connection with the breach of non-compete terms or undertakings that adversely affects the Company's operations.

Where any Incentive Shares (or any part thereof) granted to a Selected Participant have already been vested and/or transferred to the Selected Participant at the time when such award is clawed back, the Selected Participant shall return, by the Board's determination at its sole and absolute discretion, either (i) the exact number of vested and clawed back H Share(s) (either by the Selected Participant effecting such transfer of H Shares to the Trustee or by having the incentive Shares forfeited and cease to be transferable (where such transfer to the Selected Participant has yet to occur)) or (ii) the monetary amount equivalent to the value of the relevant H Share(s) on (a) the date of grant, (b) the vesting date, or (c) the date of such clawback as determined by the Board. In each case, when determining the timing in respect of the value of the H Shares underlying the clawed back Incentives in the event of monetary compensation to be returned by the Selected Participant, the default position will be the date of clawback, being a date set by the Board, which shall fall on or after the Board's decision to claw back the relevant vested H Share(s). However, the date of grant or date of vesting might be opted for when the Board decided that such monetary amount shall be adjusted upwards or downwards (as the case may be), by taking into account a host of factors, including, inter alia, the then market price, the Selected Participant's position within the Group, the gravity of the clawback event and its impact on the Group. For the avoidance of doubt, the relevant purchase price paid by the Selected Participant for the vesting of the clawed back Incentive Shares will not be refunded.

CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

Where any Incentive Shares (or any part thereof) granted to a Selected Participant have yet been vested at the time when such award is clawed back, such Incentive Shares (or any part thereof) subject to clawback will lapse on the date as determined by the Board and the relevant Incentive Shares will not vest on the relevant vesting date, and the relevant Incentive Shares so lapsed will not be regarded as utilised for the purpose of calculating the Scheme Mandate Limit.

(X) Remaining Term of the Scheme and Number of Shares Available for Future Grant

Except for such early termination as determined by the Board pursuant to the Rules for the H Share Restricted Share Scheme, the Scheme is valid for a period of 10 years from the Adoption Date, after which, no further Incentive Shares shall be granted thereunder but the Rules for the H Share Restricted Share Scheme shall remain in full force and effect in all other respects to the extent necessary to give effect to any Incentive Shares granted prior thereto. As at the date of this report, the remaining validity period of the H Share Restricted Share Scheme is approximately 9 years and 10 months.

The adoption of the H Share Restricted Share Scheme was approved by the shareholders of the Company on 28 May 2025. On 19 June 2025, the Board (including the independent non-executive Directors) resolved to, among other things, grant (and conditionally grant) an aggregate of 22,760,000 restricted Shares (H Shares) (the “2025 Incentive Share(s)”) to a total of 25 Employee Participants (including the 4 directors of the Company namely Mr. Cai Baogui, Mr. Hu Zhibin, Mr. Li Xinnong and Mr. Lyu Feng) under the H Share Restricted Share Scheme, details of which are set out in the Grant Announcement and Grant Circular. The conditional grants of Incentives to the four Conditional Grantees (all of whom are directors of the Company) set out above have been approved by the Remuneration Committee and the Board (including the independent non-executive Directors). As the Proposed Grant to each of such Directors would result in the H Shares issued and to be issued in respect of all Incentives granted (excluding any Incentives and/or awards lapsed in accordance with the terms of the Relevant Schemes) to such Director in the 12-month period up to and including the date of such Proposed Grant, representing in aggregate over 0.1% of the total number of issued H Shares of the Company (excluding Treasury Shares), (i) the relevant conditional grant shall be duly approved, in the manner prescribed by the provisions of Chapter 17 of the Listing Rules, by the Shareholders at the first extraordinary general meeting of 2025 (the “2025 First EGM”) held on 6 August 2025, at which the relevant Director, his/her associates and all core connected persons of the Company must abstain from voting in favor of the relevant resolution granting the approval; (ii) a circular containing the details of the grant of Incentives to such Director has been sent to the Shareholders in a manner complying with, and containing the information specified in, the relevant provisions of Chapter 17 of the Listing Rules; and (iii) the relevant proposals for conditional granting have been submitted to the 2025 First EGM for Shareholders’ consideration and approval.

Upon the grant (and conditional grant) of Incentives to the Selected Participants (including the Conditional Grantees) pursuant to the Proposed Grant, as at the date of this report, an aggregate of 4,080 H Shares will be available for future grant under the Scheme Mandate Limit, whilst no service provider sublimit was set under the H Share Restricted Share Scheme.



CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

(XI) Vesting Schedule and Performance Targets of the 2025 Incentive Shares

As of the date of this report, the vesting schedule and the performance indicators (to be applied by the Board at its option and sole discretion) of the 2025 Incentive Shares are detailed as follows:

Vesting period	Performance indicators at Company level	Proportion of vesting
First anniversary of the Grant Date	Based on the net profit in 2024, the growth rate in 2025 shall not be less than 20%; or, based on the primary business revenue in 2024, the growth rate in 2025 shall not be less than 20%	40%
Second anniversary of the Grant Date	Based on the net profit in 2024, the growth rate in 2026 shall not be less than 45%; or, based on the primary business revenue in 2024, the growth rate in 2026 shall not be less than 50%	30%
Third anniversary of the Grant Date	Based on the net profit in 2024, the growth rate in 2027 shall not be less than 80%; or, based on the primary business revenue in 2024, the growth rate in 2027 shall not be less than 100%	30%

The performance indicators at Company level as set out above represent the minimum criteria for vesting and shall be applied (at the Board's option and sole discretion) uniformly to all Selected Participants who are granted 2025 Incentive Shares (including the Conditional Grantees).

(XII) Changes in 2025 Incentive Shares

The grant of the 2025 Incentive Shares to the Conditional Grantees is subject to the approval by the independent Shareholders for the grant of such Shares to them, and such approval was obtained via an ordinary resolution passed by the Company at the 2025 First EGM held on 6 August 2025 (i.e., after the Reporting Period). As the H Share Restricted Share Scheme was only approved for adoption by the Shareholders on 28 May 2025, there were no Incentive Shares granted at the beginning of the Reporting Period. During the Reporting Period, a total of 22,760,000 restricted Shares (H Shares) were granted (including 12,000,000 restricted Shares (H Shares) conditionally granted to four Directors of the Company, the relevant approval of which was obtained on 6 August 2025 (i.e., after the Reporting Period)), and all such Incentive Shares remained unvested.



CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

Immediately prior to the Board's resolution on 18 June 2025 to grant (and conditionally grant) the 2025 Incentive Shares to the Selected Participants (including the Conditional Grantees), and prior to Shareholders' approval of the Grant Date on 5 August 2025, the closing prices of H Shares were HKD17.9 and HKD18.7, respectively. The Grant Date was deemed to be the date on which the Board resolved to grant the Shares (i.e., 19 June 2025). The aggregate fair value of the 2025 Incentive Shares on 19 June 2025 was approximately HKD162,753,355.8. In accordance with Hong Kong Financial Reporting Standard 2 "Share-based Payment", the fair value of the Incentive Shares at the Grant Date was determined with reference to the closing price of the relevant ordinary shares as of the Grant Date, taking into account the terms and conditions of the grant of the Incentive Shares.

Details of changes in Incentive Shares granted (including conditional grant) under the H Share Restricted Share Scheme during the Reporting Period are as follows:

		Number of Incentive Shares (H Shares) (0'000 Shares)								
Selected Participants	Grant Date	Purchase	Closing	Vesting	Not yet	Granted	Vested	Lapsed	Cancelled	Unvested
		price per share (H Share) (HKD)	price of Shares immediately prior to grant during the Reporting Period (HKD)							
Employee Participants ^(note 1)										
(I) Directors and substantial shareholders										
Mr. Cai Baogui ^(note 2)	19 June 2025 ^(note 2)	7.06	17.9	Note 6	0	600 ^(note 2)	Nil	Nil	Nil	600 ^(note 2)
Mr. Hu Zhibin ^(note 3)	19 June 2025 ^(note 3)	7.06	17.9	Note 6	0	300 ^(note 3)	Nil	Nil	Nil	300 ^(note 3)
Mr. Li Xinnong ^(note 4)	19 June 2025 ^(note 4)	7.06	17.9	Note 6	0	300 ^(note 4)	Nil	Nil	Nil	300 ^(note 4)
(II) Director										
Mr. Lyu Feng ^(note 5)	19 June 2025 ^(note 5)	7.06	17.9	Note 6	0	72 ^(note 5)	Nil	Nil	Nil	72 ^(note 5)
(III) Other non-										
connected persons	19 June 2025	7.06	17.9	Note 6	0	825	Nil	Nil	Nil	825
	19 June 2025	7.06	17.9	Note 6	0	179	Nil	Nil	Nil	179

CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

Notes:

1. As set out in the Rules for the H Share Restricted Share Scheme, there has been and will be no Selected Participant who has been or will be granted share options (if any), awards and Incentive Shares exceeding the Individual Limit of 1%, and there has been and will be no connected entity participant or service provider who has been or will be granted share options (if any), awards and Incentives exceeding 0.1% of the issued H Shares (excluding treasury shares) in any 12-month period. Service providers are not included as Eligible Participants under the H Share Restricted Share Scheme. All grantees set out in the table above are Employee Participants and there are no other connected entity participants.
2. Mr. Cai Baogui is the executive Director and CEO of the Company. Although the Shares granted to him as a Conditional Grantee were approved by the Board on 19 June 2025 (i.e., during the Reporting Period), such conditional grant still needs to be reviewed and approved by the independent shareholders at the 2025 First EGM. Such approval was obtained on 6 August 2025 (i.e., after the Reporting Period). Therefore, it should be noted that the grant on 19 June 2025 mentioned above is not unconditional.
3. Mr. Hu Zhibin is a non-executive Director of the Company. Although the Shares granted to him as a Conditional Grantee were approved by the Board on 19 June 2025 (i.e., during the Reporting Period), such conditional grant still needs to be reviewed and approved by the independent shareholders at the 2025 First EGM. Such approval was obtained on 6 August 2025 (i.e., after the Reporting Period). Therefore, it should be noted that the grant on 19 June 2025 mentioned above is not unconditional.
4. Mr. Li Xinnong is a non-executive Director of the Company. Although the Shares granted to him as a Conditional Grantee were approved by the Board on 19 June 2025 (i.e., during the Reporting Period), such conditional grant still needs to be reviewed and approved by the independent shareholders at the 2025 First EGM. Such approval was obtained on 6 August 2025 (i.e., after the Reporting Period). Therefore, it should be noted that the grant on 19 June 2025 mentioned above is not unconditional.
5. Mr. Lyu Feng is the executive Director and Vice President of the Company. Although the Shares granted to him as a Conditional Grantee were approved by the Board on 19 June 2025 (i.e., during the Reporting Period), such conditional grant still needs to be reviewed and approved by the independent shareholders at the 2025 First EGM. Such approval was obtained on 6 August 2025 (i.e., after the Reporting Period). Therefore, it should be noted that the grant on 19 June 2025 mentioned above is not unconditional.
6. For details, please refer to the relevant paragraphs under (XI) Vesting Schedule and Performance Targets of the 2025 Incentive Shares above.
7. Save as disclosed above, there is no other information that is required to be disclosed pursuant to Rule 17.07 of the Listing Rules.
8. As of 1 January 2025, the number of H Shares available for grant under the authorised limit of the H Share Restricted Share Scheme was zero, whereas as of 30 June 2025, it was 4,080 shares.
9. During the Reporting Period, the number of H Shares that may be issued in respect of share options (if any) and/or Incentives and/or awards granted under all share schemes of the Company divided by the weighted average number of issued Shares during the period was 1.67%.



CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

2025 A Share Employee Stock Ownership Plan

(I) Source of Shares

The source of the Underlying Shares of the A Share Employee Stock Ownership Plan shall be ordinary A Shares repurchased from the secondary market by the Company. The relevant shares represent A Shares repurchased by the Company pursuant to the “Resolution on the Plan for Repurchase of the Shares of the Company” considered and approved at the 23rd meeting of the third session of the Board and the 20th meeting of the third session of the Supervisory Committee held by the Company on 30 October 2023. The A Share Employee Stock Ownership Plan constitutes a share scheme involving the grant of existing shares by the Company, and does not involve any issue of new shares or the grant of any options over new shares of the Company, and thus shall only be subject to the applicable disclosure requirements under Chapter 17 of the Listing Rules. However, the A Share Employee Stock Ownership Plan shall still be subject to the approval, disclosure and other relevant requirements under the applicable laws and regulations.

(II) Purposes and Administrative Body of the A Share Employee Stock Ownership Plan

The purposes of the A Share Employee Stock Ownership Plan are to further establish and enhance the Company’s long-term incentive mechanism, attract and retain outstanding talent, and fully motivate the Company’s directors, senior management, and core management, technical, business and key position personnel. The A Share Employee Stock Ownership Plan aims to effectively align the interests of the Shareholders, the Company, and its employees, fostering a collective focus on the Company’s long-term development. The highest authority for the internal management of the A Share Employee Stock Ownership Plan is the Participants’ Meeting, and a management committee is established to be responsible for supervising the day-to-day management of the Employee Stock Ownership Plan, representing the Participants in exercising the Shareholders’ rights or authorising the management institution to exercise the Shareholders’ rights, and performing other duties as required under the A Share Employee Stock Ownership Plan and the relevant laws and regulations.



CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

(III) Scope and List of Incentive Participants

As at the date of this report, the participants of the A Share Employee Stock Ownership Plan comprise the Directors (excluding independent non-executive Directors), supervisors, senior management, core management, core technical (business) personnel and other key personnel of the Company (including those of the Company's controlling subsidiaries). The Remuneration Committee shall draw up a list of Eligible Participants within the defined scope, which shall be verified and confirmed by the Company's Supervisory Committee.

The list of participants of the A Share Employee Stock Ownership Plan and the allocation is as follows:

Name	Position	Number of A Shares corresponding to the upper limit of subscribed shares (0'000 shares)	Proportion in total number of units of the A Share Employee Stock Ownership Plan (%)	Proportion in total shares of the Company as at the date of this report (%)
Lyu Feng	Vice Chairman, Vice President	20	2.50%	0.0146%
Xie Hui	Chief Financial Officer	20	2.50%	0.0146%
Su Quan	Vice President	30	3.73%	0.0219%
Lai Xunlong	Board Secretary	20	2.50%	0.0146%
Liu Qiujun	Former Chairman of the Supervisory Committee (Note 4)	10	1.25%	0.0073%
Li Hua	Former Supervisor (Note 4)	2	0.25%	0.0015%
Liang Qilu	Former Employee Supervisor (Note 4)	0.5	0.06%	0.0004%
Core management, core technical (business) personnel and other key personnel (463 persons)		699.0784	87.21%	0.5094%
Total		801.5784	100.00%	0.5843%

Notes:

- (1) Participants of the A Share Employee Stock Ownership Plan do not include Shareholders holding 5% or more of the Shares or the de facto controllers of the Company and their spouses, parents and children.
- (2) Participants of the A Share Employee Stock Ownership Plan do not include independent directors.
- (3) In the event of a renunciation of the subscription by an employee, the Board may authorize the Management Committee to reallocate such portion of the equity share to other eligible employees, provided that after the reallocation, the total number of shares corresponding to an individual employee's units of the A Share Employee Stock Ownership Plan shall not exceed 1% of the total share capital of the Company cumulatively.
- (4) The Company has ceased to have a Supervisory Committee with effect from 6 August 2025, and all Supervisors have resigned from their positions as Supervisors with effect from the same date.

CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

Any discrepancies between the totals and the sum of individual figures in the A Share Employee Stock Ownership Plan are due to rounding of the above percentages.

Upon the implementation of the A Share Employee Stock Ownership Plan, the total number of Shares held under all effective employee share ownership plans of the Company shall not exceed 10% of the total share capital of the Company cumulatively. The total number of Shares held by any individual employee corresponding to his/her interest in the units shall not in aggregate exceed 1% of the total share capital of the Company cumulatively (excluding the Shares acquired by Participants prior to the initial public offering of the Company's Shares, the Shares purchased independently through secondary market, and the Shares acquired by the Participants through other stock incentives).

(IV) Size of Underlying Shares

The total number of A Shares under the A Share Employee Stock Ownership Plan shall not exceed 8,015,784, representing approximately 0.58% of the total issued share capital of the Company as of the date of this report. From the Adoption Date, the total number of A Shares held under all effective stock incentive schemes of the Company shall not exceed 10% of the total share capital of the Company cumulatively. The total number of Shares held by any individual employee corresponding to his/her interest in the units shall not in aggregate exceed 1% of the total issued share capital of the Company cumulatively (excluding the Shares acquired by Participants prior to the initial public offering of the Company's Shares, the Shares purchased independently through secondary market, and the Shares acquired by the Participants through other stock incentives).

(V) Granting Price

The price to purchase the Underlying Shares (A Shares) under the A Share Employee Stock Ownership Plan shall be RMB10.67/share. The purchase price shall not be less than the higher of the following prices:

1. 50% of RMB20.21 per share, the average price of the Company's A Shares traded on the trading day immediately preceding the announcement of the draft A Share Employee Stock Ownership Plan (the "Announcement"), calculated as the total transaction amount of the A Shares on the preceding trading day divided by the total volume of the A Shares traded on the preceding trading day, which is RMB10.11 per share;
2. 50% of RMB21.34 per share, the average price of the Company's A Shares traded over the past 20 trading days preceding the Announcement, calculated as the total transaction amount of the A Shares traded over the preceding 20 trading days divided by the total volume of the A Shares traded over the preceding 20 trading days, which is RMB10.67 per share;
3. 50% of RMB20.80 per share, the average price of the Company's A Shares traded over the past 60 trading days preceding the Announcement, calculated as the total amount of the A Shares traded over the preceding 60 trading days divided by the total volume of the A Shares traded over the preceding 60 trading days, which is RMB10.40 per share;
4. 50% of RMB20.11 per share, the average price of the Company's A Shares traded over the past 120 trading days preceding the Announcement, calculated as the total amount of the A Shares traded over the preceding 120 trading days divided by the total volume of the A Shares traded over the preceding 120 trading days, which is RMB10.06 per share.

CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

On 19 June 2025, the Company convened the seventh meeting of the fourth session of the Board, at which the Proposal on the Adjustment to the Purchase Price under the Company's 2025 A Share Employee Stock Ownership Plan was considered and approved. In view of the completion of the 2024 annual distribution of dividend for A Shares on 9 June 2025, and pursuant to the Guiding Opinions on the Pilot Implementation of Employee Stock Ownership Plans by Listed Companies and the relevant provisions of the A Share Employee Stock Ownership Plan, the purchase price has been adjusted from RMB10.67 per share to RMB10.55 per share.

The A Share Employee Stock Ownership Plan shall be funded by the employees' legitimate remuneration, self-raised funds and other sources permitted by the applicable laws and regulations. The Company does not provide financial assistance of any form to the Participants or provide guarantees for their loans, nor does it involve any arrangement from any third party providing incentives, grants, subsidies or making up the balance to employees for their participation in the ESOP.

(VI) Validity Period, Lock-up Period and Unlocking Arrangement

The duration of the A Share Employee Stock Ownership Plan shall be 72 months commencing from the date on which the draft A Share Employee Stock Ownership Plan is considered and approved at the Shareholders' general meeting and the Company announces that the last tranche of the Company's A Shares has been transferred to the ESOP, being 14 July 2025 (the "Transfer Announcement Date"). The A Share Employee Stock Ownership Plan will be automatically terminated upon the expiration of its duration if not extended. As the Transfer Announcement Date falls after the Reporting Period, the A Share Employee Stock Ownership Plan had not yet become effective as at the end of the Reporting Period.

As at the date of this report, the Underlying Shares (A Shares) acquired by the A Share Employee Stock Ownership Plan shall be unlocked in three tranches starting from 12 months after the date when the A Share Employee Stock Ownership Plan is approved by the Shareholders' general meeting and the Company announces that the Underlying Shares have been transferred to the ESOP, as detailed below:

Unlocking arrangement	Unlocking time	Unlocking proportion
Unlocking time point for the first tranche	Upon the expiry of 12 months from the Transfer Announcement Date	40%
Unlocking time point for the second tranche	Upon the expiry of 24 months from the Transfer Announcement Date	30%
Unlocking time point for the third tranche	Upon the expiry of 36 months from the Transfer Announcement Date	30%

The Underlying Shares obtained under the A Share Employee Stock Ownership Plan, as well as shares derived from the distribution of share dividends, conversion of capital reserves into share capital and other circumstances, shall also be subject to the above-mentioned share lock-up arrangements.

The Shares granted to the Participants during the unlocking period are subject to fulfillment of certain conditions before the unlocking; unlocking conditions include but not limited to, the performance appraisal requirements at the Company level and the performance appraisal requirements at individual level of the Participants:

CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

(1) Performance appraisal at the Company level

The Company's results of operations shall be evaluated on an annual basis in three financial years of 2025–2027 for the unlocking of the A Share Employee Stock Ownership Plan. The annual performance appraisal objectives are as follows:

Unlocking Period	Corresponding appraisal year	Performance indicators of the Company
The first unlocking period	2025	Increase in net profit in 2025 over net profit in 2024 of not less than 20%; or increase in revenue in 2025 over revenue in 2024 of not less than 20%
The second unlocking period	2026	Increase in net profit in 2026 over net profit in 2024 of not less than 45%; or increase in revenue in 2026 over revenue in 2024 of not less than 50%
The third unlocking period	2027	Increase in net profit in 2027 over net profit in 2024 of not less than 80%; or increase in revenue in 2027 over revenue in 2024 of not less than 100%

Notes:

- (1) The calculation of the "net profit" is based on the audited net profit attributable to shareholders of the listed company, excluding the share-based payment expenses arising from the implementation of the A Share Employee Stock Ownership Plan and other employee share ownership plans or stock incentive plans.
- (2) The performance targets involved in the above unlocking arrangements do not constitute performance forecasts or substantial commitments by the Company to investors.

If the Company's performance appraisal targets are not achieved in a lock-up period, the proceeds from the sale of the Underlying Shares corresponding to the unlocked units at the end of that period after the expiration of the lock-up period shall be attributed to the Company, and the Company shall return the Participants' original capital contribution to the extent of the amount of the proceeds. If there is surplus after returning the contribution to Participants, the surplus shall be attributed to the Company.



CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

(2) Performance appraisal at individual level

Under the premise of achieving the Company's performance objectives, the A Share Employee Stock Ownership Plan will conduct performance appraisal at the individual level and determine the actual number of shares that can be released from lock-up for the current period for the shares corresponding to the units held by the individual in accordance with the appraisal results. The performance appraisal scores are divided into two bands, as shown in the table below:

Appraisal score (G)	G ≥ 70	G < 70
Unlocking ratio at individual level	100%	0

If a Participant is unable to unlock the corresponding Underlying Shares due to appraisal reasons, the Management Committee has the right to allocate the corresponding units that fail to meet the unlocking conditions to other employees. If such units are not distributed in the duration of the A Share Employee Stock Ownership Plan, the unallocated portion will be sold on an opportunistic basis in the duration of the plan after the unlocking date and returned to the individual in the amount of his or her original capital contribution. If there is surplus after returning the contribution to Participants, the surplus shall be attributed to the Company.

XIII. USE OF PROCEEDS

(I) Use of Proceeds from the Global Offering

The H Shares of the Company were listed on the Stock Exchange on 14 January 2022. The Company's net proceeds from the Global Offering amounted to approximately HKD4,032.1 million (adjusted for the actual issue expenses). The change in the use of proceeds from the Global Offering was considered and approved by way of ordinary resolution at the first extraordinary general meeting of the Company of 2022.

According to the needs of the Group's business development, as reviewed and approved by the Board of Directors of the Company at its meeting held on 11 July 2022 and the first extraordinary general meeting of 2022 held on 24 August 2022, the Company has decided to change part of the proceeds originally earmarked for the "Construction of Ningbo Production Base" to "Baotou Production Base Phase II Project and Baotou Company's daily operation capital" and to change part of the proceeds originally earmarked for "research and development" to "working capital and general corporate purposes".

As reviewed and approved by the Board of the Company held on 24 August 2023, the Company decided to change part of the proceeds originally earmarked for "potential acquisitions" to "Project for Comprehensive Utilization of Waste NdFeB Magnet in Mexico". In accordance with the Company's development strategy and in light of the actual changes in the market, such as the increase in demand for magnetic components, the Board resolved on 25 October 2023 to make corresponding adjustments to the Company's investment and construction projects in Mexico. The original "Project for Comprehensive Utilization of Waste NdFeB Magnet in Mexico" has been changed to "Mexico New Production Line Project with 1 million units/sets of Magnetic Components per year" (the "Mexico Magnetic Components Project"). Given that the Company has changed the original "Project for Comprehensive Utilization of Waste NdFeB Magnet in Mexico" to "Mexico Magnetic Components Project", the Board also resolved on 25 October 2023 to make a simultaneous adjustment to the motion passed on 24 August 2023 to change the use of proceeds. The above changes in the use of proceeds from the Global Offering was considered and approved at the first extraordinary general meeting of 2023 held on 23 November 2023. For further details of the above change, please refer to the H Share announcements of the Company dated 11 July 2022, 24 August 2023 and 25 October 2023 and the H Share circulars of the Company dated 8 August 2022 and 3 November 2023 respectively.

CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

As reviewed and approved by the Board of Directors of the Company at its meeting held on 28 March 2025, and the 2024 annual general meeting of the Company held on 28 May 2025, the Company has decided to reallocate the remaining net proceeds from the Global Offering amounting to HKD96.5 million, which was originally planned for “potential acquisitions”, to be fully utilized for “research and development”. For further details of the above change, please refer to the H Share announcement of the Company dated 28 March 2025 and the H Share circular of the Company dated 28 May 2025.

The use of net proceeds from the Global Offering, the use of unutilized net proceeds and the expected timeline for the use of the remaining unutilized net proceeds as at 30 June 2025 are as follows:

No.	Use of proceeds	Net proceeds (HKD million)	Percentage of net proceeds (%)	Amount utilized as at the end of the Reporting Period (HKD million)	Unutilized net proceeds as at the end of the Reporting Period (HKD million)	Expected timeline for the use of the unutilized net proceeds
1	Construction of Ningbo production base	806.4	20.0%	806.4	0.0	N/A
2	Potential acquisitions	508.4	15.0%	508.4	0.0	N/A
3	Research and development	499.7	10.0%	499.7	0.0	N/A
4	Repayment of loans for the construction of Baotou Production Base project	403.2	10.0%	403.2	0.0	N/A
5	Baotou Production Base Phase II Project and Baotou Company's daily operation capital	604.8	15.0%	604.8	0.0	N/A
6	Mexico New Production Project with 1 million units/sets of Magnetic Components per year	403.2	10.0%	403.2	0.0	N/A
7	Working capital and general corporate purposes	806.4	20.0%	649.4	157.0	By the end of 2025
Subtotal		4,032.1	100.0%	3,875.1	157.0	

Note 1: The difference between the net proceeds in the table and the data disclosed in the Prospectus and the 2022 Annual Report of the Company was due to the adjustments for the actual issue expenses.

Note 2: The amount used as of the end of the Reporting Period and the unutilised amount as of the end of the Reporting Period have been translated using the exchange rate as at 30 June 2025.



CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

(II) Use of Proceeds from the Placing and the Controlling Shareholder Subscription

The Company completed the Placing and the Controlling Shareholder Subscription pursuant to the H Share Subscription Agreement and the Placing Agreement on 30 December 2024, whereby 6,723,800 shares were placed, adding up to an aggregate nominal value of RMB6,723,800; and the controlling shareholder subscribed for 20,171,400 shares, adding up to an aggregate nominal value of RMB20,171,400, with a total of 26,895,200 H Shares issued (with target subscribers being the Controlling Shareholder Subscriber and the Independent Third Parties of the Company). With the placing price under the Placing and the subscription price under the Controlling Shareholder Subscription both being HKD7.82 per share (exclusive of any brokerage, levies and trading fee as may be payable), the net price receivable by the Company from the securities, after deducting issue expenses, is approximately HKD7.62 each. The placees include Pamalican Fund Ltd, Dymon Asia Multi Strategy Investment Master Fund, Factorial Master Fund and Clap Wind International Limited, all placees and their respective ultimate beneficial owners are Independent Third Parties. Ruide Hong Kong is the Controlling Shareholder Subscriber. In particular, the closing price of the Shares on 26 January 2024, the date on which the terms of issuance or disposal under the Controlling Shareholder Subscription were finalized, was HKD7.046 per Share; and the closing price of the Shares on 19 December 2024, the date on which the terms of issuance or disposal under the Placing were finalized, was HKD8.71 per Share. The proceeds from the issue of these H Shares are intended for the purchase of raw materials, repayment of debts and other day-to-day uses. The total net proceeds received by the Company from the Placing and the Controlling Shareholder Subscription is approximately HKD206.6 million (being the net proceeds from the Placing of approximately HKD51.2 million and the net proceeds from the Controlling Shareholder Subscription of approximately HKD155.4 million). For further details of the above Placing and the Controlling Shareholder Subscription, please refer to the announcements of the Company dated 26 January 2024, 5 June 2024, 19 December 2024 and 30 December 2024 and the circular of the Company dated 14 May 2024.

As of 30 June 2025, the proceeds from the Placing and the Controlling Shareholder Subscription had been fully utilized. The total net proceeds were applied for the following purposes:

No.	Use of proceeds	Net proceeds (HKD million)	Percentage of net proceeds (%)	Amount utilized as at the end of the Reporting Period (HKD million)
1	Purchase of raw materials	124.0	60.0%	124.0
2	Repayment of debts ⁽¹⁾	62.0	30.0%	62.0
3	Other day-to-day uses ⁽²⁾	20.6	10.0%	20.6
Total		206.6	100.0%	206.6

Note 1: The proceeds were originally intended to repay a RMB200 million borrowing with an interest rate of 2.700% from The Export – Import Bank of China that was due on 9 August 2024. Based on the exchange rate of HK dollar against Renminbi as of 7 May 2024, the total principal and interest of the above loan amounted to approximately HKD220.48 million. As the aforementioned borrowing was repaid using the Company's internal funds, the relevant portion of the total net proceeds was used to replace the internal funds used for repayment.

Note 2: Mainly includes payment for liquidity expenses incurred during the operation, including but not limited to energy expenses, administrative expenses, maintenance and repair expenses.

CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

XIV. RISK FACTORS

(I) Risks Relating to Price Fluctuations of Rare Earth Raw Materials

Rare earth is the main raw materials for NdFeB magnetic steel production. China is an important supplier of rare earth raw materials in the world. Sharp fluctuations in the prices of rare earth raw materials will bring an adverse effect on the production and sales of the Company within a short period.

Countermeasures: The Company has established production plants in Ganzhou of Jiangxi Province, the main source of heavy rare earth and Baotou, Inner Mongolia, the main source of light rare earth. The Company has established long-term cooperation relationships with important rare earth raw material suppliers, including Northern Rare Earth Group and China Rare Earth Group. At the same time, the Company has taken measures such as purchasing rare earth raw materials in advance based on orders in hand, establishing price adjustment mechanisms with major customers, optimizing formulas and improving processes, in order to reduce the adverse impact of fluctuations in the prices of rare earth raw materials on the Company's operating results.

(II) Risks Relating to Overseas Businesses

The Company's overseas businesses may face risks arising from changes in international geopolitical, economic, trade and financial conditions, and policy changes. At the same time, the Company settles its sales revenue with overseas customers mainly in foreign currencies. In recent years, as affected by the international situation, the exchange rates between RMB and USD and between RMB and EUR have been highly volatile. It not only affects the Company's revenue of sales denominated in foreign currencies, but also affects the Company's exchange gains and losses.

Countermeasures: The Company will pay close attention to the changes in the global political, economic, trade and financial markets, keep abreast of relevant policies, and maintain close communication with clients. In particular, the Company selects appropriate exchange rate management tools to proactively manage exchange rate risks. When the spot rate is higher than forward rate, the Company avoids foreign exchange rate risk mainly through timely settlement of foreign exchange. When the fluctuation of foreign exchange rates becomes more significant and the spot rate is lower than forward rate, the Company prudently adopts methods such as hedging to reduce the foreign exchange risk.

(III) Risks Relating to Large Amounts of Trade Receivables and Their Recovery

The goods payment settlement cycle for the Company's downstream customers is relatively long. As the sales of the Company continue to expand, its scale of trade receivable increases accordingly. The Company's poor collection of trade receivables or the failure of customers to make timely payments under contracts will affect the Company's capital turnover speed and cash flows from operating activities, thus causing an adverse impact on the Company's production, operation and performance.

Countermeasures: The management of the Company has always attached great importance to the management of trade receivables. The Company has conducted a reasonable evaluation and granted appropriate credit periods according to customer evaluation results to ensure the safety of trade receivables from the source. It has also identified the persons accountable for sales results and payment collection targets and regarded the completion of sales and payment collection tasks as an important indicator for routine performance assessment. The Company regularly conducts aging analysis and timely arranges the payment collection, so that the risk of trade receivables is controlled within a controllable range. Currently, the Company's overall collection of trade receivables is in good condition, with a low probability of bad debts losses. It has prudently made provisions for bad debts in accordance with the principle of prudence.

CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

XV. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

JL MAG Green Tech (Hong Kong), a wholly-owned subsidiary of the Company, issued USD117.5 million 1.75 per cent. guaranteed convertible bonds due 2030 (the “H Share Convertible Bonds”) on 4 August 2025. The H Share Convertible Bonds was issued in registered form in the specified denomination of USD200,000 each and integral multiples of USD100,000 in excess thereof. The H Share Convertible Bonds may be converted in the circumstances set out in the terms and conditions of the H Share Convertible Bonds into fully paid ordinary H Shares of the Company of RMB1.00 each at an initial conversion price of HKD21.38 per H Share (subject to adjustments). The H Share Convertible Bonds were offered to no less than six independent placees (being the professional investors as defined in the SFO). On the date of the signing of the subscription agreement in respect of the H Share Convertible Bonds to determine the terms of the H Share Convertible Bonds (being 23 July 2025), the closing price per H Share was HKD19.44. The net proceeds from the issue of the H Share Convertible Bonds, after deducting the managers’ commissions and other estimated expenses payable in connection with the issue of the H Share Convertible Bonds, were approximately USD115 million. Such net proceeds are intended to be applied towards the following purposes, namely: (i) repayment of debts; (ii) repurchase of H Shares; (iii) general working capital; and (iv) payment of the Issuer’s operating expenses. The H Share Convertible Bonds have been listed on the Hong Kong Stock Exchange since 5 August 2025 (stock name: JLMAG B3008, stock code: 5834). Assuming full conversion of the H Share Convertible Bonds at the initial conversion price of HKD21.38 per H Share, the H Share Convertible Bonds will be convertible into approximately 43,141,406 H Shares, representing approximately 18.95% of the total issued H Shares of the Company and approximately 3.14% of the total issued Shares of the Company as at 4 August 2025. For more details of the H Share Convertible Bonds, please refer to the H Share announcements of the Company dated 24 July 2025 and 4 August 2025.

On 19 August 2025, the Board resolved to recommend the declaration of an interim dividend, which will be calculated based on the total share capital of the Company’s A Shares and H Shares as at the record date as set out in the implementation announcement of this dividend distribution, after deducting the number of A Shares held in the Company’s A share repurchase account on that record date, in the amount of RMB1.8 (inclusive of tax) in cash for every 10 shares to all shareholders. Based on the total number of issued A Shares and H Shares of the Company of 1,372,131,923 Shares as at the date of this report, the total interim dividend to be distributed is expected to be approximately RMB247 million (inclusive of tax). The profit distribution plan for the first half of 2025 is subject to approval by the general meeting of the Company.

Save as disclosed above, as of the date of this report, there is no other significant event occurred after the Reporting Period which requires disclosure.



INDEPENDENT REVIEW REPORT



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Independent review report

To the board of directors of JL Mag Rare-Earth Co., Ltd.

(Established in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 58 to 84, which comprises the condensed consolidated statement of financial position of JL Mag Rare-Earth Co., Ltd. (the "Company") and its subsidiaries ("the Group") as at 30 June 2025 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") as issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* as issued by the International Auditing and Assurance Standards Board. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong
19 August 2025

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2025

		For the six months ended 30 June	
	Notes	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Revenue	4	3,507,039	3,361,532
Cost of sales		(2,932,242)	(3,070,334)
Gross profit		574,797	291,198
Other income and gains	5	120,197	148,846
Selling and distribution expenses		(27,842)	(25,622)
Administrative expenses		(94,437)	(79,810)
Research and development expenses		(169,829)	(152,837)
Impairment losses on inventories		(31,330)	(20,307)
Impairment losses recognised on financial assets, net		(7,124)	(1,939)
Other expenses	6	(2,010)	(6,862)
Finance costs	7	(25,683)	(26,124)
Foreign exchange differences, net		12,274	(364)
Share of profits of associates		358	501
PROFIT BEFORE TAX	8	349,371	126,680
Income tax expenses	9	(39,924)	(5,935)
PROFIT FOR THE PERIOD		309,447	120,745
Attributable to:			
Owners of the parent		304,953	119,677
Non-controlling interests		4,494	1,068
		309,447	120,745
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	10		
Basic (RMB)		0.22	0.09
Diluted (RMB)		0.22	0.09

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	For the six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
PROFIT FOR THE PERIOD	309,447	120,745
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods, net of tax:		
Exchange differences on translation of foreign operations	27,718	(19,767)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	27,718	(19,767)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	153	110
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	153	110
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	27,871	(19,657)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	337,318	101,088
Attributable to:		
Owners of the parent	332,610	100,102
Non-controlling interests	4,708	986
	337,318	101,088

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2025

	Notes	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	12	3,173,605	3,071,615
Right-of-use assets		242,979	214,641
Goodwill		64,433	64,433
Other intangible assets		52,509	57,002
Investments in associates		8,704	8,346
Deferred tax assets		6,397	3,775
Equity investments designated at fair value through other comprehensive income		28,864	15,438
Other non-current assets		1,403,987	1,170,212
TOTAL NON-CURRENT ASSETS		4,981,478	4,605,462
CURRENT ASSETS			
Inventories		3,093,075	2,178,058
Trade receivables	13	2,574,691	2,022,935
Notes receivable at amortised cost		263,406	48,884
Notes receivable at fair value through other comprehensive income ("FVOCI")		129,409	287,519
Prepayments, other receivables and other assets		142,593	126,264
Financial assets at fair value through profit or loss		245,702	186,178
Restricted cash		344,630	611,864
Time deposits with maturity over three months but within one year		5,000	30,000
Cash and cash equivalents		1,303,440	2,071,060
Other current assets		296,442	129,086
TOTAL CURRENT ASSETS		8,398,388	7,691,848
TOTAL ASSETS		13,379,866	12,297,310
CURRENT LIABILITIES			
Trade and notes payables	14	3,387,167	3,058,331
Contract liabilities		66,274	39,785
Other payables and accruals		402,998	392,633
Interest-bearing bank and other borrowings		1,220,359	581,290
Lease liabilities		2,964	3,338
Tax payables		19,906	10,837
TOTAL CURRENT LIABILITIES		5,099,668	4,086,214
NET CURRENT ASSETS		3,298,720	3,605,634
TOTAL ASSETS LESS CURRENT LIABILITIES		8,280,198	8,211,096

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

30 June 2025

	Notes	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		643,210	783,000
Lease liabilities		2,212	3,328
Deferred income		286,927	250,254
Deferred tax liabilities		54,111	57,066
TOTAL NON-CURRENT LIABILITIES		986,460	1,093,648
NET ASSETS		7,293,738	7,117,448
EQUITY			
Equity attributable to owners of the parent			
Share capital	15	1,372,132	1,372,132
Treasury shares		(84,567)	(160,000)
Reserves		5,899,050	5,803,901
		7,186,615	7,016,033
Non-controlling interests		107,123	101,415
TOTAL EQUITY		7,293,738	7,117,448

Chief Executive Officer: Cai Baogui

Chief Financial Officer: Xie Hui

For the six months ended 30 June 2025

Attributable to owners of the parent											
	Fair value reserve of financial assets at fair value										
	Share capital RMB'000	Treasury shares RMB'000	Share premium* RMB'000	Share incentive reserve* RMB'000	Share through other comprehensive income* RMB'000	Reserve fund* RMB'000	Exchange fluctuation reserve* RMB'000	Retained profits* RMB'000	Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
At 1 January 2025	1,372,132	(160,000)	4,181,025	-	802	250,414	(43,293)	1,414,953	7,016,033	101,415	7,117,448
Profit for the period	-	-	-	-	-	-	-	304,953	304,953	4,494	309,447
Other comprehensive income for the period:	-	-	-	-	-	-	-	-	-	-	-
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	-	-	-
Changes in fair value of equity investments at fair value through	-	-	-	-	-	-	27,504	-	27,504	214	27,718
other comprehensive income, net of tax	-	-	-	-	153	-	-	-	153	-	153
Total comprehensive income for the period	-	-	-	-	153	-	27,504	304,953	332,610	4,708	337,318
Dividends declared	-	-	-	-	-	-	-	(163,694)	(163,694)	-	(163,694)
Transfer from retained profits	-	-	-	-	-	10,390	-	(10,390)	-	-	-
Contributions from non-controlling interests	-	-	-	-	-	-	-	-	-	1,000	1,000
Share incentive plan expense (note 16)	-	-	-	-	-	-	-	-	-	-	-
Repurchase obligation for shares issued under a share incentive plan (note 16)	-	-	-	1,666	-	-	-	-	1,666	-	1,666
At 30 June 2025 (unaudited)	1,372,132	(84,567)	4,105,592	1,666	955	260,804	(15,789)	1,545,822	7,186,615	107,123	7,293,738

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 June 2025

	Attributable to owners of the parent								Non-controlling interests	Total equity
	Share capital	Treasury shares	Share premium*	Share incentive reserve*	Share through other comprehensive income*	Reserve fund*	Exchange fluctuation reserve*	Retained profits*		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	1,344,771	(160,800)	3,970,523	32,520	(44)	237,169	5,535	1,591,810	15,688	7,037,152
Profit for the period	-	-	-	-	-	-	-	119,677	1,068	120,745
Other comprehensive income for the period:										
Exchange differences on transaction of foreign operations	-	-	-	-	-	-	(19,685)	-	(82)	(19,767)
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	-	110	-	-	-	-	110
Total comprehensive income for the period	-	-	-	-	110	-	(19,685)	119,677	986	101,088
Dividends declared	-	-	-	-	-	-	-	(347,677)	-	(347,677)
Exercise of Type II Restricted Shares	560	-	18,190	(14,229)	-	-	-	-	-	4,521
Share incentive plan expense	-	-	-	396	-	-	-	-	-	396
Tax implications related to a share incentive plan	-	-	-	(1,126)	-	-	-	-	-	(1,126)
Divestment of non-controlling shareholders	-	-	-	-	-	-	-	-	(2,177)	(2,177)
Repurchase obligation for shares issued under a share incentive plan	(94)	800	-	(668)	-	-	-	-	-	38
At 30 June 2024 (unaudited)	1,345,237	(160,000)	3,988,713	16,893	66	237,169	(14,150)	1,363,810	14,477	6,792,215

* These reserve accounts comprise the consolidated reserves of RMB5,899,050,000 and RMB5,592,501,000 in the consolidated statements of financial position as at 30 June 2025 and 2024, respectively.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

		For the six months ended 30 June	
	Notes	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax:		349,371	126,680
Adjustments for:			
Finance costs	7	25,683	26,124
Loss on disposal of non-current assets	6	794	88
Share of profits of an associate		(358)	(501)
Fair value losses on listed equity investment	6	–	5,267
Gain on disposal of items of property, plant and equipment	5	–	(289)
Fair value gains on non-listed equity investment	5	(432)	–
Fair value changes in wealth management products	5	596	(908)
Realised gains on financial assets or liabilities	5, 6	(4,225)	(2,969)
Depreciation of property, plant and equipment		103,354	73,884
Depreciation of right-of-use assets		4,201	4,286
Amortisation of a share incentive plan		1,666	396
Amortisation of other intangible assets		4,581	324
Amortisation of non-current assets		945	1,201
Impairment of inventories		31,330	20,307
Impairment losses recognised on financial assets		7,124	1,939
Effect of foreign exchange rate changes		(6,483)	4,889
		518,147	260,718
(Increase)/decrease in inventories		(946,347)	539,782
Increase in trade receivables		(559,131)	(107,833)
(Increase)/decrease in notes receivable		(56,770)	16,682
Increase in prepayments, other receivables and other assets		(18,084)	(31,188)
(Increase)/decrease in other current assets		(167,356)	10,838
Increase/(decrease) in trade and notes payables		328,836	(317,449)
Increase in other payables and accruals		23,029	18,774
Increase/(decrease) in contract liabilities		26,489	(138,236)
Increase/(decrease) in deferred income		36,673	(467)
Decrease in restricted cash		292,234	100,275
Cash (used in)/generated from operations		(522,280)	351,896
Income tax paid		(26,778)	(21,135)
Net cash flows (used in)/generated from operating activities		(549,058)	330,761

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended 30 June 2025

	Notes	For the six months ended 30 June	
		2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for leasehold land		(32,055)	–
Purchases of items of property, plant and equipment		(257,210)	(433,159)
Purchases of items of other long-term assets		(31,254)	(15,415)
Proceeds from disposal of items of property, plant and equipment		26	326
Investment in equity investments designated at fair value through other comprehensive income		(13,273)	–
Placement of time deposits and purchase large-amount deposit certificates		(278,729)	–
Purchases of financial instruments		(759,000)	(80,000)
Proceeds from disposal of financial instruments		725,838	22,185
Net cash flows used in investing activities		(645,657)	(506,063)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares and contributions from non-controlling interests		85,567	3,759
New bank loans		846,135	483,976
Repayment of bank loans		(335,015)	(203,750)
Settlement of letters of credit		–	(115,489)
(Decrease)/increase in discounted bank acceptance notes		(12,949)	109,087
Lease related payments		(1,933)	(1,604)
Dividends paid		(136,377)	(295,489)
Interest paid		(24,816)	(24,712)
Divestment of non-controlling shareholders		–	(2,177)
Net cash flows generated from/(used in) financing activities		420,612	(46,399)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(774,103)	(221,701)
Cash and cash equivalents at beginning of period		2,071,060	3,156,726
Effect of foreign exchange rate changes, net		6,483	(4,889)
CASH AND CASH EQUIVALENTS AT END OF PERIOD		1,303,440	2,930,136

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2025

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2025 has been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2024.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of the following amended IFRS Accounting Standard for the first time for the current period's financial information.

Amendments to IAS 21

Lack of Exchangeability

The nature and impact of the amended IFRS Accounting Standard are described below:

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted with and the functional currencies of group entities for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the interim condensed consolidated financial information.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2025

3. OPERATING SEGMENT INFORMATION

For management purposes, the business of the Group mainly includes the manufacture and sale of high performance NdFeB materials.

The Group focuses on the manufacture and sale of high performance NdFeB materials, and no separate operating segment information is provided for resource allocation and performance assessment. Therefore, no detailed segment information is presented.

Geographical information

(a) Revenue from external customers

	For the six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Mainland China	2,993,734	2,767,554
Other countries/regions	513,305	593,978
Total	3,507,039	3,361,532

The revenue information above is based on the locations of the customers.

(b) The Group's non-current assets are substantially located in Mainland China.

Information about major customers

Revenue derived from customers which individually accounted for 10% or more of the Group's total revenue is as follows:

	For the six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Customer A	571,701	358,678
Customer B	482,311	N/A*
Customer C	N/A*	422,814

* The corresponding revenue of the customer during the period did not contribute over 10% of the total revenue of the Group.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2025

4. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Revenue from contracts with customers		
– Sale of NdFeB magnet materials	3,225,808	2,904,028
– Sale of materials and others	280,798	457,106
Rental income	433	398
Total	3,507,039	3,361,532

Revenue from contracts with customers

Disaggregated revenue information:

	For the six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Type of goods		
– Sale of NdFeB magnet materials	3,225,808	2,904,028
– Sale of materials and others	280,798	457,106
Total	3,506,606	3,361,134
Geographical markets		
– Mainland China	2,993,301	2,767,156
– Other countries/regions	513,305	593,978
Total	3,506,606	3,361,134
Timing of revenue recognition		
– Goods transferred at a point in time	3,506,606	3,361,134

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2025

4. REVENUE (CONTINUED)

The following table shows the amount of revenue recognised in the reporting period that was included in the contract liabilities at the beginning of the reporting period:

	For the six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of NdFeB magnet materials	39,150	189,865

All sales of NdFeB magnet materials are recognised as revenue for periods of one year or less.

As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

5. OTHER INCOME AND GAINS

	For the six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Other income		
Government grants	79,211	102,744
Bank interest income	35,953	40,164
Others	369	588
	115,533	143,496
Other gains		
Gains on disposal of items of property, plant and equipment	–	289
Gains on wealth management products	4,225	2,969
Fair value gains on non-listed equity investments	432	–
Fair value changes in wealth management products	–	908
Gains on disposal of financial assets or liabilities	–	56
Others	7	1,128
	4,664	5,350
Total	120,197	148,846

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2025

6. OTHER EXPENSES

	For the six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Fair value changes in wealth management products	596	–
Fair value losses on listed equity investments	–	5,267
Donations	480	550
Loss on disposal of non-current assets	794	88
Others	140	957
Total	2,010	6,862

7. FINANCE COSTS

	For the six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Interest expense	24,158	24,854
Other finance costs	1,525	1,270
Total	25,683	26,124

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2025

8. PROFIT BEFORE TAX

	For the six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Cost of raw materials and consumables	2,260,372	2,217,817
Depreciation of property, plant and equipment*	103,354	73,884
Depreciation of right-of-use assets*	4,201	4,286
Amortisation of other intangible assets*	4,581	324
Amortisation of other non-current assets	945	1,201
Research and development costs	169,829	152,837
Lease payments not included in the measurement of lease liabilities	1,303	1,286
Wages, salaries and welfare	348,816	292,662
Expenses for a share incentive plan	1,666	396
Pension and other social insurances	55,831	44,752
Exchange (gains)/losses, net	(12,274)	364
Impairment losses on inventories	31,330	20,307
Impairment losses recognised on financial assets	7,124	1,939
Losses/(gains) of non-current assets	794	(201)
Government grants	(79,211)	(102,744)

- * The depreciation of property, plant and equipment during the six months ended 30 June 2025 and 2024 was included in "Cost of sales", "Selling and distribution expenses", "Administrative expenses" and "Research and development expenses" in the consolidated statement of profit or loss. The depreciation of right-of-use assets and amortisation of other intangible assets during the six months ended 30 June 2025 and 2024 was included in "Cost of sales" and "Administrative expenses" in the consolidated statement of profit or loss.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2025

9. INCOME TAX EXPENSES

In general, the Group's entities in Mainland China were subject to PRC corporate income tax at the standard rate of 25% on their respective estimated taxable profits during the six months ended 30 June 2025 and 2024. The Company and Jiangxi Jincheng Permanent Magnet New Materials Co., Ltd. are entitled to tax concessions including a preferential tax rate of 15%, as they are established in Ganzhou, Jiangxi. JL MAG (Baotou) Technology Co., Ltd., which is established in Inner Mongolia, is entitled to a preferential tax rate of 15%. JL MAG (Ningbo) Technology Co., Ltd. is entitled to a preferential tax rate for High and New Technology Enterprise of 15%. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	For the six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Current – Mainland China		
Charge for the period	35,847	9,669
Underprovision in prior years	9,571	3,656
Deferred	(5,494)	(7,390)
Total	39,924	5,935

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2025

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent.

The calculations of basic and diluted earnings per share are based on:

	For the six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	304,953	119,677
	Number of shares For the six months ended 30 June	
	2025 (unaudited)	2024 (unaudited)
Shares		
Weighted average number of ordinary shares outstanding during the period used in the basic earnings per share calculation	1,364,116,139	1,344,833,021
Effect of dilution – weighted average number of ordinary shares:		
Share incentive plan	–	556,646
Total	1,364,116,139	1,345,389,667

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2025

11. DIVIDENDS

	For the six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Final declared and paid – RMB12 cents (2024: RMB26 cents) per ordinary share	163,694	347,677

The recorded distribution is in the form of cash dividends on the basis of 1,364,116,139 shares and RMB1.2 (tax inclusive) per 10 shares to all shareholders, amounting to RMB163,694,000 (tax inclusive) in aggregate.

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2025, the Group acquired assets at a cost of RMB190,289,000 (30 June 2024: RMB315,911,000), excluding property, plant and equipment acquired through properties under construction.

Assets with a net book value of RMB3,107,000 were disposed of by the Group during the six months ended 30 June 2025 (six months ended 30 June 2024: RMB8,543,000), resulting in a net loss on disposal of RMB794,000 (six months ended 30 June 2024: a net gain of RMB201,000).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2025

13. TRADE RECEIVABLES

	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
Trade receivables	2,606,305	2,047,174
Impairment	(31,614)	(24,239)
Total	2,574,691	2,022,935

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally two months, extending up to three months for major customers. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
Less than 1 year	2,571,437	2,022,073
1 to 2 years	3,184	850
2 to 3 years	70	12
Total	2,574,691	2,022,935

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2025

14. TRADE AND NOTES PAYABLES

	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
Trade payables	514,945	380,053
Notes payable	2,872,222	2,678,278
Total	3,387,167	3,058,331

An ageing analysis of the trade and notes payables as at the end of the reporting period is as follows:

	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
Less than 1 year	3,383,932	3,055,328
1 to 2 years	1,572	1,738
2 to 3 years	485	1,084
Over 3 years	1,178	181
Total	3,387,167	3,058,331

15. SHARE CAPITAL

	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
Issued and fully paid:	1,372,132	1,372,132

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital RMB'000
At 1 January 2025 and 30 June 2025 (unaudited)	1,372,131,923	1,372,132

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2025

16. SHARE INCENTIVE PLAN

(1) 2025 A Share Employee Stock Ownership Plan

The Company operates the A Share Employee Stock Ownership Plan (the “ESOP”) for the purpose of providing incentives and rewards to eligible participants (i.e., 470 participants) who contribute to the success of the Group’s operations. Eligible participants of the ESOP include the Company’s directors and other employees of the Group. There are no cash settlement alternatives. The Group accounts for the ESOP as an equity-settled plan. On 28 May 2025, the shareholders resolved to adopt the ESOP, pursuant to which the maximum number of shares to be issued is 8,015,784, representing approximately 0.58% of the Company’s total number of issued shares at the time of adoption of the ESOP. As a result of the implementation of 2024 dividend distribution, and pursuant to the management measures of the ESOP, the board of directors resolved on 19 June 2025 to adjust the grant price of ESOP shares from RMB10.67 per A share to RMB10.55 per A share.

On 20 June 2025, the share subscription agreements were entered into between the eligible participants and the Company. The granted shares shall be vested over a three-year period, with 40%, 30% and 30% of total shares vesting on each anniversary date after vesting commencement date (i.e., 11 July 2025).

As at 30 June 2025, the Company received proceeds amounting to RMB84,567,000 of 8,015,784 granted A shares from 470 participants. Pursuant to the management measures of the ESOP, a share repurchase obligation amounting to RMB84,567,000 was recorded in treasury shares and other payables and accruals, respectively, as at 30 June 2025. As the granted A shares under the ESOP were transferred from the treasury shares repurchased by the Company in the prior year, no share capital was recorded during the period ended 30 June 2025. Accordingly, the movement of the treasury shares during the period ended 30 June 2025 was reclassified to share premium.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2025

16. SHARE INCENTIVE PLAN (CONTINUED)

(1) 2025 A Share Employee Stock Ownership Plan (continued)

Particulars and movements of the ESOP during the period are as follows:

	Six months ended 30 June 2025 (unaudited)	
	Grant price RMB per share	Number of grant shares '000
At 1 January	–	–
Granted during the period	10.55	8,016
At the end of the period	10.55	8,016

The fair value of the granted A shares under the ESOP amounting to RMB178,110,000 as at the grant date was determined using the closing price of the Company's shares as at the grant date. For the period ended 30 June 2025, the Group recorded share incentive plan expenses amounting to RMB1,666,000 in relation to the ESOP.

(2) 2025 H Share Restricted Share Scheme

On 19 June 2025, the Board of Directors resolved to grant 22.76 million restricted H Shares to eligible participants under the H Share Restricted Share Scheme through the issuance of new H Shares. The grant was approved at the first extraordinary general meeting of 2025 held on 6 August 2025.

As of the report date, share subscription agreements between the eligible participants and the Company haven't been signed yet.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2025

17. COMMITMENTS

The Group had the following contractual commitments at the end of the reporting period:

	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
Contracted, but not provided for:		
Property, plant and equipment	401,766	377,655
Investment commitment	200,000	306,364
Total	601,766	684,019

18. RELATED PARTY TRANSACTIONS

(a) The Group had the following related party during the six months ended 30 June 2025:

Name of company	Relationship
Ganzhou Poly-Max Magnetism Co., Ltd.	Associate

(b) In addition to the transactions detailed elsewhere in the interim condensed consolidated financial information, the Group had the following transactions with the related party during the six months ended 30 June 2025 and 2024:

	For the six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Purchases of products from an associate: Ganzhou Poly-Max Magnetism Co., Ltd.	29,289	25,976
Rental income from an associate: Ganzhou Poly-Max Magnetism Co., Ltd.	—	40
Sales of goods to an associate: Ganzhou Poly-Max Magnetism Co., Ltd.	18,018	13,543

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2025

18. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Outstanding balances with a related party:

	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
Trade receivables due from an associate: Ganzhou Poly-Max Magnetics Co., Ltd.	16,850	8,309
Other receivables due from an associate: Ganzhou Poly-Max Magnetics Co., Ltd.	483	171
Trade payables due to an associate: Ganzhou Poly-Max Magnetics Co., Ltd.	23,424	13,708

The amounts due from or due to the related party are all trade in nature, relating to sales of NdFeB materials, purchases of rare earths, and other income and gains.

(d) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Short-term employee benefits	4,370	4,643
Share incentive expense	213	396
Pension scheme contributions	124	138
Total	4,707	5,177

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2025

19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
Financial assets				
Equity investments designated at fair value through other comprehensive income	28,864	15,438	28,864	15,438
Notes receivable	129,409	287,519	129,409	287,519
Financial assets at fair value through profit or loss	245,702	186,178	245,702	186,178
Large-amount deposit certificates included in non-current assets	1,209,392	1,005,736	1,214,332	1,021,662
Total	1,613,367	1,494,871	1,618,307	1,510,797
Financial liabilities				
Interest-bearing bank borrowings	1,863,569	1,364,290	1,800,146	1,327,974
Total	1,863,569	1,364,290	1,800,146	1,327,974

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of notes receivables, large-amount deposit certificates and interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at 30 June 2025 were assessed to be insignificant.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2025

19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

The Group invests in unlisted investments, which include wealth management products issued by a fund management company in Hong Kong and other fund management companies. The Group has estimated the fair value of these unlisted investments by obtaining the closing net value report.

The fair values of the unlisted equity investments held by the Group's interest in a limited partnership included in financial investments at fair value through profit or loss and financial investments at fair value through other comprehensive income have been determined based on the most recent transaction price per share. Such valuations are then used in determining the fair values of the Group's interest in a limited partnership using an asset-based approach.

Set out below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 30 June 2025 and 31 December 2024:

As at 30 June 2025 (unaudited)

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Equity investments designated at FVOCI	Net assets method	Net assets	N/A	N/A
Financial assets at fair value through profit or loss	Net assets method	Net assets	N/A	N/A

As at 31 December 2024 (audited)

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Equity investments designated at FVOCI	Net assets method	Net assets	N/A	N/A
Financial assets at fair value through profit or loss	Net assets method	Net assets	N/A	N/A

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2025

19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 30 June 2025 (unaudited)

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets at fair value through profit or loss	–	193,172	52,530	245,702
Notes receivable	–	129,409	–	129,409
Equity investments designated at FVOCI	–	–	28,864	28,864
Total	–	322,581	81,394	403,975

As at 31 December 2024 (audited)

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets at fair value through profit or loss	–	148,081	38,097	186,178
Notes receivable	–	287,519	–	287,519
Equity investments designated at FVOCI	–	–	15,438	15,438
Total	–	435,600	53,535	489,135

Liabilities measured at fair value:

The Group did not have any financial liabilities measured at fair value as at 30 June 2025 and 31 December 2024.

During the six months ended 30 June 2025 and the year ended 31 December 2024, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2025

20. EVENTS AFTER THE REPORTING PERIOD

- (1) On 23 July 2025, UBS AG Hong Kong Branch and DBS Bank Ltd. (the “Manager”), JL MAG Green Tech (Hong Kong) Company Limited (“the Issuer”) and the Company entered into the subscription agreement, pursuant to which and subject to certain conditions contained therein, the Issuer agreed to issue, and each Manager agreed severally (and not jointly or jointly and severally) to subscribe and pay for, or to procure subscribers to subscribe and pay for, the convertible bonds in a principal amount of USD117.5 million (“the Bonds”). The Company will, in accordance with the terms of the Deed of Guarantee, unconditionally and irrevocably guarantee the due payment of all sums expressed to be payable by the Issuer under the Bonds and the Trust Deed.

The Bonds are convertible into H Shares at an initial conversion price of HKD21.38 per H Share (subject to adjustments). Assuming full conversion of the Bonds at the initial conversion price of HKD21.38 per H Share, the Bonds will be convertible into approximately 43,141,406 H Shares. The conversion shares will be fully-paid and rank pari passu in all respects with the H Shares then in issue on the relevant registration date.

The issue of the Bonds in an aggregate principal amount of USD117.5 million was completed on 4 August 2025, and the net proceeds from the issue of the Bonds were approximately USD115 million after deducting issuance expenses.

- (2) On 19 August 2025, the 9th meeting of the 4th board of the Company has proposed an interim dividend for the six months ended 30 June 2025 of RMB1.8 (tax inclusive) per 10 shares to all shareholders, based on the total number of A shares and H shares as of the record date specified in the distribution implementation announcement, after deducting the number of A shares held in the Company’s share repurchase account. The total interim dividend is expected to be RMB247 million. The proposal is subject to the approval of the shareholders’ meeting.

Save as the above, as of the report date, there is no other significant event which needs to be disclosed.

21. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The interim condensed consolidated financial information was approved and authorised for issue by the board of directors of the Company on 19 August 2025.



江西金力永磁科技股份有限公司
JL MAG RARE-EARTH CO., LTD.