# WAIVERS AND EXEMPTIONS

In preparation for the [REDACTED], our Company has applied for the following waivers and exemptions from strict compliance with the relevant provisions of the Listing Rules and the Companies (WUMP) Ordinance:

## WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rules 8.12 and 19A.15 of the Listing Rules, we must have a sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong.

Since the business operations of our Group are managed and conducted outside of Hong Kong, and our executive Directors ordinarily reside outside Hong Kong, we consider it practicably difficult and commercially unreasonable for us to arrange two executive Directors to ordinarily reside in Hong Kong, either by means of relocation of the executive Directors to Hong Kong or appointment of additional executive Directors. Therefore, we do not have, and in the foreseeable future will not have, sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rules 8.12 and 19A.15 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the requirements under Rules 8.12 and 19A.15 of the Listing Rules, provided that our Company implements the following arrangements:

(a) we have appointed Mr. Zhu Xiaodong (竺曉東) (our executive Director) and Mr. Zhao Jiakai (趙佳凱) ("**Mr. Zhao**") (our joint company secretary) as our authorized representatives pursuant to Rule 3.05 of the Listing Rules. The authorized representatives will act as our Company's principal channel of communication with the Stock Exchange. The authorized representatives will be readily contactable by phone and email to promptly deal with enquiries from the Stock Exchange, and will also be available to meet with the Stock Exchange to discuss any matter within a reasonable period of time upon request of the Stock Exchange;

(b) when the Stock Exchange wishes to contact our Directors on any matter, each of the authorized representatives will have all necessary means to contact all of our Directors (including our independent non-executive Directors) promptly as and when required, including means to communicate with our Directors when they are traveling. Our Company will also inform the Stock Exchange as soon as practicable in respect of any change in the authorized representatives in accordance with the Listing Rules. We have provided the contact details of each Director (such as mobile phone numbers, office phone numbers (if any), email addresses and fax numbers (if any)) to each of the authorized representatives and the Stock Exchange;

(c) we confirm and will ensure that all Directors who do not ordinarily reside in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period upon the request of the Stock Exchange;

(d) we have appointed Maxa Capital Limited as our compliance advisor upon [REDACTED] pursuant to Rule 3A.19 of the Listing Rules for a period commencing on the [REDACTED] and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [REDACTED]. Our compliance advisor will serve as the additional channel of communication with the Stock Exchange when the authorized representatives are not available and will have access at all times to our authorized representatives, our Directors and our senior management as prescribed by Rule 3A.23 of the Listing Rules; and

(e) meetings between the Stock Exchange and our Directors can be arranged through our authorized representatives or our compliance advisor, or directly with our Directors within a reasonable time frame.

## WAIVER IN RESPECT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, we must appoint a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary. Note 1 to Rule 3.28 of the Listing Rules provides that the Stock Exchange considers the following academic or professional qualifications to be acceptable:

(a) a member of the Hong Kong Chartered Governance Institute;

(b) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and

(c) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

Note 2 to Rule 3.28 of the Listing Rules further provides that the Stock Exchange considers the following factors in assessing the "relevant experience" of the individual:

(a) length of employment with the issuer and other issuers and the roles he/she played;

(b) familiarity with the Listing Rules and other relevant laws and regulations including the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;

(c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and

(d) professional qualifications in other jurisdictions.

Pursuant to the Guide for New Listing Applicants issued by the Stock Exchange (the "**Guide**"), the Stock Exchange will consider a waiver application by an issuer in relation to Rules 3.28 and 8.17 of the Listing Rules based on the specific facts and circumstances. Factors that will be considered by the Stock Exchange include:

(a) whether the issuer has principal business activities primarily outside Hong Kong;

(b) whether the issuer was able to demonstrate the need to appoint a person who does not have the Acceptable Qualification (as defined by the Guide) nor Relevant Experience (as defined by the Guide) as a company secretary; and

(c) why the directors consider the individual to be suitable to act as the issuer's company secretary.

Further, pursuant to the Guide, such waiver, if granted, will be for a three-year period (the "**Waiver Period**") and on the following conditions:

(a) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and

(b) the waiver can be revoked if there are material breaches of the Listing Rules by the issuer.

Our Company has appointed Mr. Zhao, our senior management, as one of our joint company secretaries. He has extensive experience in board and corporate management matters but presently does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules, and may not be able to solely fulfill the requirements of the Listing Rules. Therefore, we have appointed Mr. Wong Keith Shing Cheung (王承鏱) ("**Mr. Wong**"), a member of the Hong Kong Chartered Governance Institute and the Chartered Governance Institute in the United Kingdom, who fully meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules to act as the other joint company secretary and to provide assistance to Mr. Zhao for an initial period of three years from the [REDACTED] to enable Mr. Zhao to acquire the "relevant experience" under Note 2 to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules.

Given Mr. Wong's professional qualification and experience, he will be able to explain to both Mr. Zhao and us the relevant requirements under the Listing Rules and other applicable Hong Kong laws and regulations. Mr. Wong will also assist Mr. Zhao in organizing Board meetings and Shareholders' meetings of our Company as well as other matters of our Company which are incidental to the duties of a company secretary. Mr. Zhao is expected to work closely with Mr. Wong and will maintain regular contact with Mr. Wong. In addition, Mr. Zhao will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules to enhance his knowledge of the Listing Rules during the three-year period from the [REDACTED]. He will also be assisted by our compliance advisor and our legal advisors as to the Hong Kong laws on matters in relation to our ongoing compliance with the Listing Rules and the applicable laws and regulations.

Since Mr. Zhao does not possess the formal qualifications required of a company secretary under Rule 3.28 of the Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules in relation to the appointment of Mr. Zhao as a joint company secretary of our Company. The waiver is valid for an initial period of three years from the [REDACTED] on the conditions that (a) Mr. Zhao must be assisted by Mr. Wong who possesses the qualifications and experience required under Rule 3.28 of the Listing Rules; and (b) the waiver will be revoked immediately if and when Mr. Wong ceases to provide assistance to Mr. Zhao as a joint company secretary or if there are material breaches of the Listing Rules by our Company.

Before the expiration of the initial three-year period, the qualifications of Mr. Zhao will be re-evaluated to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied and whether the need for ongoing assistance will continue. We will liaise with the Stock Exchange to enable it to assess whether Mr. Zhao, having benefited from the assistance of Mr. Wong for the preceding three years, will have acquired the skills necessary to carry out the duties of a company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

## EXEMPTION IN RESPECT OF DISCLOSURE OF DIRECTORS' RESIDENTIAL ADDRESSES

Paragraph 6 of the Third Schedule to the Companies (WUMP) Ordinance requires this document to include the addresses of the directors and paragraph 45 of the Third Schedule to the Companies (WUMP) Ordinance provides that such address means the place of usual residence of the directors.

We have applied for, and the SFC [has granted] us, a certificate of exemption under section 342A of the Companies (WUMP) Ordinance from strict compliance with paragraph 6 of the Third Schedule to the Companies (WUMP) Ordinance in respect of the disclosure of the residential addresses of Mr. Zhu Xiaodong (竺曉東), Mr. Zhu Shidong (朱世東), Ms. Zhang Yingchun (張迎春), Mr. Wang Haiguo (王海國) and Mr. Zhu Limin (朱利民) (the "**Relevant Directors**") on the ground that such disclosure would be inappropriate having considered the following factors:

### (a) Unnecessary attention and real risks to the Relevant Directors

Given the [REDACTED] would likely attract considerable media and public attention in light of our market position in the NdFeB permanent magnet industry and the broader rare earth supply chain, it is reasonable for our Company to believe that the disclosure of the residential addresses of the Relevant Directors may expose the Relevant Directors and their families to unnecessary attention, disturbance and personal safety risks, in particular considering the geopolitical landscape for rare earth related matters.

**(b) Risks to our business operations**

Public disclosure of the Relevant Directors' residential addresses may also distract or deter the Relevant Directors from effectively managing our business and/or our Board affairs. If the Relevant Directors become susceptible to actual or perceived attacks to themselves and their families by virtue of the disclosure, their ability to focus on their duties and make sound decisions for our Group may be affected. Meanwhile, it may facilitate the potential theft or fraud of confidential information or other malicious activities against the Relevant Directors, causing financial losses, reputational damage or legal disputes to the Relevant Directors and our Group.

**(c) Minimal impact on [REDACTED] public**

The addresses of our head office and principal place of business as well as the business addresses of the Relevant Directors have been disclosed in this document, such that the communicability and accountability of the Relevant Directors is not compromised. All other material information in relation to the Relevant Directors as required to be disclosed under the Listing Rules and the Third Schedule to the Companies (WUMP) Ordinance, including their names, ages, working experiences, academic backgrounds and qualifications, have been properly disclosed in this document. Given our business and financial performance as set out in this document as well as our disclosure track record, the non-disclosure of the residential addresses of the Relevant Directors would have minimal impact on the decision of the potential [REDACTED] to [REDACTED] in the H Share of our Company, would not interfere with the provision of information to [REDACTED] to make an informed assessment of the Relevant Directors' character, experience and integrity acting as a director of a H-share [REDACTED], and would not prejudice the interests of the [REDACTED] public or affect their ability to make informed [REDACTED] decisions. On the contrary, the Relevant Directors include key figures to our business, and any coercion, harassment or other actual or potential security threats that may be incurred as a result of the public disclosure of their personal addresses, or damage to our reputation or disruption of our operations, could have a material adverse effect on our business, financial position and results of operations, thereby exposing the Shareholders to the risk of substantial loss of their [REDACTED].

The exemption [is granted] by the SFC on the conditions that (i) the business addresses of the Relevant Directors are disclosed in this document; (ii) the particulars of the exemption are disclosed in this document, and (iii) this document is issued on or before [REDACTED].

## WAIVER IN RESPECT OF CONTINUING CONNECTED TRANSACTION

As stated in "Connected Transactions," our Group engages in and is expected to continue to conduct certain transactions which will constitute a partially-exempt continuing connected transaction of our Company under the Listing Rules upon the [REDACTED]. The Directors consider that strict compliance with the announcement requirements of the Listing Rules would be unduly burdensome and would impose unnecessary administrative costs on our Company. Accordingly, our Company has applied for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the announcement requirements under Chapter 14A of the Listing Rules in respect of such partially-exempt continuing connected transaction upon the [REDACTED]. For details, see "Connected Transactions."

[REDACTED]

[REDACTED]

**WAIVER AND EXEMPTION IN RELATION TO THE 2025 EMPLOYEE SHARE OWNERSHIP PLAN**

Rule 17.02(1)(b) of the Listing Rules requires a [REDACTED] applicant to, *inter alia*, disclose in this Document full details of all outstanding options and awards and their potential dilution effect on the shareholdings upon [REDACTED] as well as the impact on the earnings per share arising from the issue of shares in respect of such outstanding options.

Paragraph 27 of Appendix D1A to the Listing Rules requires a listing applicant to disclose, *inter alia*, particulars of any capital of any member of the group which is under option, or agreed conditionally or unconditionally to be put under option, including the consideration for which the option was or will be granted and the price and duration of the option, and the name and address of the grantee, or an appropriate negative statement, provided that where options have been granted or agreed to be granted to all the members or debenture holders or to any class thereof, or to employees under a share option scheme, it shall be sufficient, so far as the names and addresses are concerned, to record that fact without giving the names and addresses of the grantees.

Under section 342(1)(b) of the Companies (WUMP) Ordinance, the document must state the matters specified in Part I of the Third Schedule.

Under paragraph 10 of Part I of the Third Schedule to the Companies (WUMP) Ordinance, the number, description and amount of any shares in or debentures of the company which any person has, or is entitled to be given, an option to subscribe for, together with the particulars of the option, that is to say, (a) the period during which it is exercisable; (b) the price to be paid for shares or debentures subscribed for under it; (c) the consideration (if any) given or to be given for it or for the right to it; and (d) the names and addresses of the persons to whom it or the right to it was given or, if given to existing shareholders or debenture holders as such, the relevant shares or debentures must be specified in the document.

The maximum number of A Shares that can be granted under the 2025 Employee Share Ownership Plan is 11,796,300 A Shares. As of the Latest Practicable Date, our Company had granted A Shares under the 2025 Employee Share Ownership Plan to 295 participants (the "**Grantee(s)**") for an aggregate of 10,835,800 A Shares, among which 1,740,000 A Shares were granted to four Directors, namely, Mr. Zhu Xiaodong, Mr. Zhu Shidong, Ms. Zhang Yingchun and Mr. Wang Haiguo, and two senior management of our Group, namely, Mr. Zhao Jiakai and Mr. Zhao Yuliang, 9,095,800 A Shares were granted to 289 other employees of our Group, who are not Directors, members of senior management, consultants or connected persons of our Company.

The A Shares underlying the 2025 Employee Share Ownership Plan represent approximately [REDACTED]% of the total number of Shares in issue (including treasury shares) immediately after completion of the [REDACTED], assuming there are no other changes to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED], and that the [REDACTED] is not exercised.

No awards under the 2025 Employee Share Ownership Plan will be further granted after the [REDACTED]. For more details of the 2025 Employee Share Ownership Plan, see "Statutory and General information — Employee Share Ownership Plans — 2025 Employee Share Ownership Plan" in Appendix VI to this document.

We have applied to (i) the Stock Exchange for a waiver from strict compliance with the requirements under Rule 17.02(1)(b) of and paragraph 27 of Appendix D1A to the Listing Rules; and (ii) the SFC for an exemption from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (WUMP) Ordinance pursuant to section 342A of the Companies (WUMP) Ordinance in connection with the disclosure of certain details relating to the 2025 Employee Share Ownership Plan and the Grantees on the ground that full compliance with such disclosure requirements would be unduly burdensome for our Company and the waiver and the exemption would not prejudice the interest of the [REDACTED] public for the following reasons:

a) given that 295 Grantees are involved, our Directors consider that it would be unduly burdensome to disclose full details of all the A Shares granted by us in this document, which would involve a substantial number of pages of content to be inserted into this document, significantly increasing the cost and timing for information compilation and document, preparation;

b) the key information of the 2025 Employee Share Ownership Plan will be disclosed in this document, including (i) a summary of the terms of the 2025 Employee Share Ownership Plan; (ii) the aggregate number of the A Shares under the 2025 Employee Share Ownership Plan and the percentage of our A Shares of which such number represents; (iii) the potential dilution effect (if any) on shareholdings immediately following completion of the [REDACTED]; (iv) the details of the A Shares granted under the 2025 Employee Share Ownership Plan including grant prices, grant dates, vesting periods and the percentage of our Company's total issued share capital represented upon completion of the [REDACTED];

c) the grant and exercise in full of the A Shares under the 2025 Employee Share Ownership Plan will not cause any material adverse impact to the financial position of our Group; and

d) the lack of full compliance with the disclosure requirements set out above will not prevent potential [REDACTED] from making an informed assessment of the activities, assets and liabilities, financial position, management and prospects of our Group and will not prejudice the interests of any potential [REDACTED].

In light of the above, our Directors believe that the grant of the waiver and exemption sought under this application and the non-disclosure of the required information will not hinder potential [REDACTED] from making an informed assessment of the activities, assets and liabilities, financial position, management and prospects of our Group and will not prejudice the interest of the public [REDACTED].

The Stock Exchange [has granted] to us a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of the Listing Rules and paragraph 27 of Appendix D1A to the Listing Rules with respect to the awards granted under the 2025 Employee Share Ownership Plan subject to the conditions that:

a) the grant of a certificate of exemption from strict compliance with the relevant Companies (WUMP) Ordinance requirements by the SFC;

b) on an individual basis, full details of the A Shares granted to each of the Directors, senior management and connected persons (if any) of our Company which include all the particulars required under Rule 17.02(1)(b) of the Listing Rules are disclosed in this document on an individual basis. In addition, with respect to the A Shares granted to persons other than connected persons, disclosure are made in the document on an aggregate basis, and details including the aggregate number of such Grantees and the number of A Shares subject to the 2025 Employee Share Ownership Plan, the consideration paid for the grant of the A Shares, the grant dates and vesting period of the A Shares granted, the percentage of our Company's total issued share capital represented by such A Shares granted upon completion of the [REDACTED], will be disclosed in this document;

c) the aggregate number of A Shares granted and the percentage of our Company's total issued share capital immediately following completion of the [REDACTED] have been disclosed in the document;

d) a summary of the principal terms of the 2025 Employee Share Ownership Plan has been disclosed in "Statutory and General information — Employee Share Ownership Plans — 2025 Employee Share Ownership Plan" in Appendix VI to the document.

e) the particulars of this waiver are set out in this document; and

f) a full list of all the Grantees who had been granted A Shares under the 2025 Employee Share Ownership Plan, containing all details as required under Rule 17.02(1)(b) of and paragraph 27 of Appendix D1A to the Listing Rules be made available for public inspection in accordance with "Documents Delivered to the Registrar of Companies and Available on Display" in Appendix VII to this document.

The SFC [has granted us] a certificate of exemption under section 342A of the Companies (WUMP) Ordinance exempting our Company from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (WUMP) Ordinance, subject to the conditions that:

a) on an individual basis, full details of the A Shares granted to each of the Directors, senior management and connected persons (if any) of our Company which include all the particulars required under paragraph 10 of Part I of the Third Schedule to the Companies (WUMP) Ordinance are disclosed in this document on an individual basis. In addition, with respect to the A Shares granted to persons other than connected persons, disclosure are made in this document on an aggregate basis, and details including the aggregate number of such Grantees and the number of A Shares subject to the 2025 Employee Share

Ownership Plan, the consideration paid for the grant of the A Shares, the grant dates and vesting period of the A Shares granted, the percentage of our Company's total issued share capital represented by such A Shares granted upon completion of the [REDACTED], will be disclosed in the document;

b) a full list of all the Grantees who had been granted A Shares under the 2025 Employee Share Ownership Plan, containing all details as required under paragraph 10 of Part I of the Third Schedule to the Companies (WUMP) Ordinance be made available for public inspection in accordance with "Documents Delivered to the Registrar of Companies and Available on Display" in Appendix VII to this document; and

c) the particulars of the exemption be set out in this document.